

NEWS SUMMARY

GENERAL

Call for tougher laws on marches

The Public Order Act, under which marches and political demonstrations are controlled, should be retained, and strengthened, says the Commons Home Affairs Committee.

The Conservative majority recommends that the Home Secretary should keep his powers to authorise blanket bans on processions if he fears they will seriously threaten public order.

But Labour MPs say existing criminal and civil laws are sufficient to deal with violence, and that the power to ban marches is wrong and undemocratic. Page 3

Minister resigns

Turkey's lower House of Parliament forced Foreign Minister Hayrettin Erkin to resign from the Cabinet by passing a censure motion. He was accused of being too pro-Western. Page 2

Powell tax call

Mr. Enoch Powell, attacking the Government's economic strategy, particularly the failure to control public expenditure, called for heavier taxation. Page 3

Gaza plan

Israel is to begin building two settlements within a month in the Gaza Strip—a move unlikely to improve already strained relations between Egypt and Israel. Page 2

Life sentence

Park keeper John Dickinson, 27, was jailed for life at St Albans for murder and arson. He raped and strangled Mrs. Susan Lawson, 26, at her Stevenage home, then set fire to her bedroom. Page 3

Suicide verdict

An inquest recorded a verdict of suicide on the wife of a former Buckingham Palace employee, Georgina Carlisle, 46, who took an overdose of barbiturates after being told to leave her home in the Royal Mews. Page 3

Detective jailed

Detective Constable David Chapman, 35, who has received 11 commendations for bravery and efficiency, was jailed for 18 months at the Old Bailey for his part in the theft of goods from a menswear shop. Page 3

Found dead

Managing director of Pickford Heavy Haulage, William East Smith, 52, of Saffron Walden, was found dead with shotgun wounds. Foul play is not suspected. Page 3

Commuter record

Three Americans set up a "commuting record" of four hours 26 minutes between central London and central New York, using Concorde and two helicopters. They were delayed 24 minutes at Heathrow. Page 3

Wages freeze

A rafter who grabbed a bag containing £1,700 in staff wages at a St. Neot's, Huntingdon, Supermarket dropped the cash and made off when a customer hit him with a packet of frozen beefburgers. Page 3

Briefly...

Police were looking for two Broadmoor patients, missing after a coach trip to Poole, Dorset.

Milan's two airports were paralysed by 24-hour strike of 3,000 airport workers.

Thousands walked to work in Dublin because of a bus strike.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

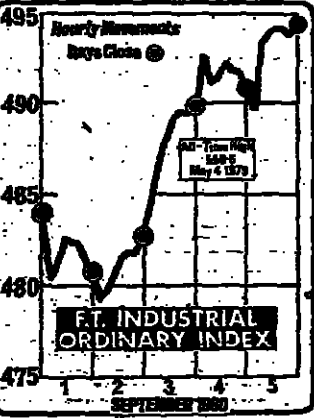
RISES	FALLS
Excheq. 10pc 99-02 5314 + 1	BP Double Eagle 358 + 10
Excheq. 12pc 99-02 5323 + 14	Warrior Resources 280 + 75
Aero and Genl. 530 + 35	Dormontain 952 + 64
Arbutnot Latham 217 + 7	Grootvlei 515 + 60
Boots 244 + 6	Häma Gold 166 + 14
Cornell Dresses 52 + 26	North Kalgurli 96 + 5
Derby Trust Cap. 215 + 8	North West Mining 144 + 10
Fashion & General 220 + 20	Poseidon 270 + 17
Ferranti 480 + 13	Randfontein 531 + 24
Gt. Portland Estates 294 + 6	St. Helens 521 + 14
Kode International 293 + 11	SW Cons. Mins. 43 + 4
McHester Sp. Canal 217 + 12	Unisel 580 + 20
Matthews (B.) 265 + 20	Vaal-Reefs 539 + 21
Paul Y 26 + 5	Western Deep 224 + 18
Photax (London) 71 + 3	Goldman (H.) 29 + 3
Racal Electronics 71 + 3	Hong Kong Land 148 + 6
Raybeck 215 + 10	Myson 53 + 5
Somptex 448 + 20	Stanley (A.G.) 82 + 7
Standard Telephons 448 + 20	Hemerdon Mining 80 + 10
Others	

BUSINESS

Gilts up 0.51; \$4 rise for gold

GILT prices rose sharply and the Government Broker sold stock on a significant scale for the first time in six weeks. The Government Securities Index gained 0.51 to close at 69.44. Page 24; Back Page

BOITIES were influenced by the strength of gilts and by interest in Oils on the pos-



stibility of Saudi Arabian production cuts pushing up oil prices. The FT 30-share index rose 3.6 to 494.4. Page 24

GOLD finished at its highest level since July at \$615.5, a rise of \$4 from Thursday and \$19 on the week. Page 23

STERLING fell 55 points to close at \$2.4135. Its trade-weighted index remained at 78.5. DOLLAR improved to DM 1.7815 (DM 1.7765) on news of the rise in U.S. prime rates. Its trade-weighted index rose to 63.7 (63.5). Page 23

WALL STREET was 2.91 off at 445.99 near the close. Page 20

DAWN RAIDS will become almost impossible under new Council for the Securities Industry rules that demand predators give five days' notice of their intentions. Back Page and Page 3

TEXTILE MACHINERY Association exhibition, which was to have been staged in Birmingham's National Exhibition Centre in 1983, has been switched to Milan with a loss of some £100m in revenue from visitors to the UK. Back Page

MASSEY-FERGUSON of Toronto, the troubled farm equipment producer, will not be receiving Federal Government aid. Back Page

PORT OF LIVERPOOL lost £25.4m in the first half of 1980, following a £7.4m deficit for last year as a whole. Page 4

PORTUGAL's national airline TAP is to sign a co-operation agreement with the Spanish airline Iberia that could lead to a merger of the two companies. Page 21

HONGKONG LAND and Jardine Matheson are to enter an arrangement in which Jardine will sell to Land assets in exchange for new Land shares. Page 21

COMPANIES

PILKINGTON Brothers, glassmakers, were under very strong pressure from inflation overseas competitors. Sir Alexander Pilkington, chairman, told the annual meeting. Page 18

WEIR, the Glasgow-based engineering group, announced the resignation of Randy Spence, managing director of its main pumps division. Page 4

A.G. STANLEY Holdings, home decorating materials group, reported first-half taxable profits down by 35 per cent from £1.24m to £808,122. Page 18; Lex, Back Page

MYSON Group, central heating manufacturers, reported first-half losses of £236,238 against profits of £1.13m last year. Page 18

Occidental plans to spend £625m on UK projects

BY RAY DAFTER, ENERGY EDITOR

OCCIDENTAL PETROLEUM plans to spend \$1.5bn (£825m) on three major UK energy projects. Dr. Armand Hammer, chairman of the U.S.-based oil company, told the Prime Minister yesterday that the investment would result in "thousands of new jobs."

The three proposed projects, each expected to cost about \$500m, are:

- A floating production platform to exploit a new oil discovery close to the Occidental group's Claymore Field in the North Sea.
- A petrochemical plant near Peterhead, Scotland, to convert ethane gas into ethylene, a basic material for the chemical industry.
- The reactivation of Occidental's on-off oil refinery plan for Canvey Island in the Thames Estuary.

The announcement, which surprised and caused some scepticism within the UK oil and chemical industries, was made by Dr. Hammer during a visit by Mrs. Margaret Thatcher to Occidental's Flotta oil terminal in the Orkney Islands, built primarily to handle the output of the Piper and Claymore fields. The equivalent of about 17.5 per cent of UK oil consumption is flowing through the £250m terminal.

Dr. Hammer, the 82-year-old founder of Occidental, said the company was planning to

Background to Occidental's plans, Page 22

of the Claymore Field, while drilling a water injection well. The discovery is thought to contain recoverable reserves of about 50m barrels, sufficient to justify development using a floating, semi-submersible unit. Once the field has been exhausted the platform can be moved.

As the first step in the exploitation of the new discovery Occidental has ordered a £250,000 eight-well drilling frame from Blackwell Engineering, a British Shipbuilders subsidiary. This frame will be positioned on the seabed. It is understood that Occidental plans to order the platform from a British Shipbuilders subsidiary.

Occidental's plans for a 6m

tonnes a year oil refinery at Canvey, in Essex, have been affected over the past decade by changed conditions in the oil products market and by planning inquiries.

The company originally obtained approval to build the refinery in 1971. Then the emphasis was on the proposed production of heavy fuel oil. In 1975 Occidental halted construction, largely because of a market analysis which showed there was likely to be faster growth for premium refined products, such as petrol and naphtha, than for fuel oil. Planning permission for the re-designed plant was held up while the Health and Safety Executive completed a two-year inquiry into safety standards in and around Canvey.

Oil industry executives, facing dampened demand and increasing price competition, last night questioned whether this was a good moment to embark on UK refinery expansion. They also added that Occidental would still face stiff environmental opposition on Canvey.

Occidental said last night that the plans would be "environmentally and locally acceptable." However, it was conceded that the scheme, to turn North Sea oil into high grade products, was at an early stage and that planning permission had still not been obtained.

Imports take record share of improved car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NEW CAR sales in August reached the second highest monthly total ever recorded. But, according to statistics issued today by the Society of Motor Manufacturers and Traders, imports took a record 63.8 per cent of the market.

The Japanese market share in particular jumped to 19.7 per cent, against 13.8 per cent in the same month last year.

Meanwhile, BL had almost its worst month. The group's market share dropped to 15.29 per cent, only slightly ahead of the worst-ever 15.1 per cent in January. In August last year, BL's share was 19.26 per cent.

After eight months of 1980, BL has seen its hold on the market drop from 20.16 per cent to 17.29 per cent for the year so far, in spite of two heavily promoted, price-cutting campaigns.

Ironically, two companies which refused to be drawn into

BEST-SELLING CARS IN AUGUST	
1. Ford Cortina	20,821
2. Ford Fiesta	13,390
3. Ford Escort	10,981
4. Austin-Morris Mini	9,743
5. Datsun Cherry	8,667
6. Datsun Sunny	7,929
7. Vauxhall Chevette	6,941
8. Morris Ital	4,389
9. Austin Allegro	5,805
10. Vauxhall Cavalier	5,512

the price-cutting war among the car groups — Volvo and Volkswagen-Audi — improved their positions substantially.

August is usually a bumper month for new car sales because the new registration suffix is introduced — "W" this year.

The SMMT statistics show registrations in August at 231,776, a total surpassed only in August, 1978 (249,486). August this year was the first month to show an upturn since March, but the industry is still expecting a tough time during the remainder of 1980. Its forecast remains that sales will drop from 1.71m last year to 1.5m.

Continued on Back Page
Detailed table, Page 4

Cadbury set to regain Westward

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. PETER CADBURY seems set to regain control—at least for the time being—of Westward Television, the company he co-founded 20 years ago.

A High Court judge yesterday refused to ban an extraordinary meeting of Westward shareholders, called by Mr. Cadbury and his allies for next Wednesday.

The meeting is to vote on removing six directors of the company, including the present chairman, Lord Harris of Greenwich, and reinstating Mr. Cadbury as chairman and Lord Lisburne as deputy chairman.

The outcome is regarded as a foregone conclusion. The Cadbury faction holds 50,000 of the company's 200,000 voting shares, and the holders of 66,000 other shares have contracted to vote in his favour.

The ban had been sought by anti-Cadbury directors, led by Lord Harris. They said they had called a meeting to consider the resolution on October 17, and the earlier meeting was therefore unnecessary and invalid.

They denied the meeting was being delayed to keep them in control for as long as possible. After Mr. Justice Dillon's ruling, Lord Harris said he would consult his colleagues over the weekend about whether to appeal.

Whatever the outcome of Wednesday's meeting, that on October 17 will still be held. The Harris faction hopes by then to persuade a majority of shareholders to change their votes.

Nor will the October meeting necessarily be the end of the litigation. An action by Mr. Cadbury and his allies has yet to come to court seeking to stop the company taking steps to deprive Mr. Cadbury, his wife and son-in-law and Lord Lisburne of their shares.

That action is unlikely to be heard before December, when the Independent Broadcasting Association will announce

whether Westward or one of its two rival applicants is to get the South West England commercial television franchise.

Mr. Justice Dillon said it would be unfair to stop Wednesday's meeting, as that would deprive Mr. Cadbury and Lord Lisburne of the fruits of their pending action—over the attempts to deprive them of their shares—before it had been tried.

Westward's directors were all motivated by a desire to promote the interests of the company and do all they could to get its franchise renewed.

"I would not have thought it was beyond their commonsense to ensure that whatever resolutions are passed on September 10, they can collaborate in carrying on the day-to-day business of the company until October 17."

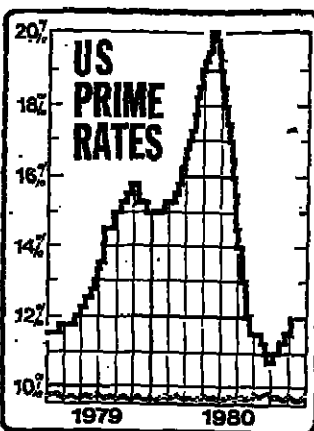
But, he warned, if they could not, the correct remedy would be for the court to appoint a receiver and manager of the company.

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New rise in U.S. prime

By Ian Hargreaves in New York

PRIME LENDING rates in the U.S. jumped another half percentage point yesterday, following further indications of the persistence of double-digit inflation. Citibank led the way to a 12 per cent prime rate, but was quickly followed by numerous other large banks.

The size of the increase is a continuation of the upward trend that started on August 4 when the prime rose from 10 1/2 per cent. It took Wall Street by surprise, since pressure on short-term rates had eased considerably this week as the bond market enjoyed its best rally for some time.

However, official figures showing that wholesale prices went up by 1.5 per cent in August and that unemployment fell reinforced the market's fears about inflation and wiped out most of the gains registered earlier in the week.

The violent fluctuations in prices and rates on the credit markets is causing serious problems for securities houses and for the huge backlog of American corporations waiting for the right moment to enter the long-term debt markets.

As the market rallied this week, one company, Union Pacific, was advised by its agent, First Boston, to market a long planned \$250m (£104m) debenture issue on Thursday. But, having failed to place the issue yesterday, First Boston released it on free trading and its price fell by almost two points, increasing yields on the 30-year bond to 12.18 per cent from a planned 11.97 per cent.

This movement was in line with the market, but will probably deter other companies from bringing forward an estimated \$45bn of new issues awaiting calmer markets.

Mixed comfort for Carter, Page 2

£ in New York

	Sept. 4	Previous
Spot	\$2.4210-4250	\$2.4095-4105
1 month	1.50-1.54 dis	1.52-1.53 dis
3 months	1.50-1.54 dis	1.50-1.53 dis
12 months	6.50-6.10 dis	6.40-6.25 dis

Ailing Gierke may lose leadership

BY CHRISTOPHER BOBINSKI IN WARSAW

SPECULATION THAT a change of leadership in Poland was under way last night followed the announcement that Mr. Edward Gierke, the Communist Party's First Secretary, had been taken to hospital with heart trouble.

The Polish Parliament, meeting to discuss the recent wave of strikes across the country, heard a statement from five doctors that his heart condition had worsened.

The Party's politburo was called into session, strengthening feeling that a successor to Mr. Gierke was being chosen. The party leader's absence from parliament had already given rise to suggestions that a leadership struggle was on.

The communiqué on Mr. Gierke's condition referred to "serious disturbances of the heart" and later the speaker of parliament wished the 67-year-old leader a speedy recovery.

Mr. Gierke had come under unofficial fire from some hard-line Communists at home and abroad for his handling of the recent strikes, which brought big concessions to strikers' demands for independent trade unions.

The strikes followed an attempt to ration meat supplies by raising prices. It was a wave of strikes following food price increases in 1970 that led to the downfall of Mr. Gierke's predecessor, Mr. Wladyslaw Gomulka.

Yesterday's session of parliament showed how Poland's economic and political ills have now emerged into public debate. Mr. Jozef Pankowski, the country's new Prime Minister, outlined Government pledges to striking workers over the past three weeks.

In a lacklustre speech, he said that since the strikes, wage increases had been given to 3m workers. The minimum wage would go up by 20 per cent and the working week would be cut from 46 hours to 42.

Mr. Pankowski promised to speed up work on reform and confirmed that a draft law limiting censorship would be presented to parliament within three months.

Mr. Andrzej Zabinski, a politburo member, said that in the past few weeks "the working class had sharply and angrily reminded us that we had paid too little attention to what it had to say." He also called for the party itself to be made more democratic, and said the party was paying "a high price" for the way it had been running the country.

But he did warn against "an escalation of demands" and said that "anti-socialist forces" could exploit the present crisis.

Many of the speakers in the debate after Mr. Pankowski's speech criticised the role that parliament had played in the past and Mr. Stefaniski, a democratic party deputy, said it had been rubber stamping government decisions.

Mr. Karol Malcuzycki, a newspaper commentator, attacked the "paranoid" methods of the censor's office, saying propaganda methods have become more and more primitive "and that these things must not be repeated."

Gierke—a leader under attack, Page 2

TUC cancels visit

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC yesterday cancelled its visit to Poland, ending one of the most embarrassing episodes for the leadership in recent years.

It had been confirmed overnight that the TUC's hosts the official trade union federation of Poland, were proposing a one-day visit next Wednesday for a three-man delegation, instead of a week-long trip for six. That was considered to be quite valueless in view of the delegation's request to meet shopfloor leaders of the workers who had been on strike.

The delegation met in Brighton before breakfast on the last day of the TUC conference and its decision was endorsed by the general council shortly afterwards.

There was considerable anger at the way the delegation had been kept in the dark by the Polish authorities. But there was also anger at the way the controversy had been kept simmering by anti-Communists on the general council.

At the general council meeting Mr. Moss Evans of the Transport Workers attacked Mr. Frank Chapple of the Electricians, telling him that if he could not support collective decisions of the council he should get out.

Mr. Chapple, who for years has accused the TUC of soft-pedalling its criticism of Communist regimes while condemning Right-wing dictatorships, has freely expressed his views since the controversy Continued on Back Page
TUC reports, Page 4

ARBUTHNOT GOVERNMENT SECURITIES TRUST LIMITED

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14.70%

Estimated Gross Dividend Yield (at the last offer price of 86 8p x d)

*Valuation as at 4th September 1980
The Income shareholders receive gross dividends in cash (except for Jersey residents) paid quarterly, and the Capital shareholders a scrip issue of equal value.
Capital shares may not be held by residents of the United Kingdom or Jersey.
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OVERSEAS NEWS

Christopher Bobinski, in Warsaw, analyses the developing struggle for political power in Poland

Edward Gierek: a leader under attack from all sides

WHEN Mr. Edward Gierek, the Polish party leader, failed to turn up to a session of the Polish Parliament yesterday morning, nobody would have been surprised if it turned out that he had resigned.

This showed how fragile was his political position, at least inside the country. He has lost his standing with the population and is under attack from all sides within the leadership.

The theme of his policies in recent years as the economic situation deteriorated was to muddle through and not take drastic decisions which might provoke unrest.

This explains his soft line towards the Church, towards dissidence, and the leadership's lack of decision when it came to economic policies. Now Mr. Gierek is being attacked by the hardliners for his liberalism, which they say has led to

Poland's economic and political crisis, while the reformers are against him because he never gave the go-ahead for thorough reforms of the economy.

Mr. Gierek has maintained his position mainly by default. There is no shortage of potential successors but the feeling was that none was strong enough to outpace the others.

There is also the external aspect. Mr. Gierek is, after all, well-known in Moscow which is more than nervous about the present labour troubles in Poland. His disappearance now could heighten Kremlin fears that the situation is getting out of control.

The leadership is fragmented—and one of the basic divisions is over how the new independent trade unions should be treated. This emerged last Saturday at the meeting of the

party's central committee which decided to give the go-ahead to the new unions.

By all accounts, the debate was ragged and the interruptions frequent, a sharp contrast to the traditionally dull meetings at which participants sit doodling while speakers deliver texts prepared and approved in advance.

Sharp contrast

It was accepted by all that the concession would have to be made but many thought that as soon as the situation returned to normal, the independent unions could be dealt with.

"We are taking a step to the right with the unions but that's better than taking a step over the precipice," one speaker is reported to have said.

Mr. Mieczyslaw Jagielski, the

man who negotiated the agreement to give striking workers in Gdansk their independent union, argued a different line. He told the Plenum that the authorities must work with the new unions otherwise the country would continue to face labour unrest.

A similar attitude was taken by the Gdansk party committee led by Mr. Tadeusz Piszchacha. Their view was that if the party is to run the country efficiently and not degenerate, it must be balanced by independent institutions like trade unions. These arguments did little to calm the fears of those present, however.

"What happens when the students want to start up their own union?" someone shouted. "What happens if 90 per cent of the workers join the new unions and only 10 per cent

stay in ours?" another demanded. Hardline speeches came from local party leaders in Poznan, Bydgoszcz and Wroclaw, all major urban centres which experienced strikes.

The candidates

As for the succession, there are several candidates. First, there is the Silesian interest. Silesia is Mr. Gierek's power base—he was First Secretary there for many years before becoming party leader. Many of the central party institutions are staffed by people from there and the fact that Silesia is by far the most important industrial area in Poland makes it a formidable lobby.

It is headed by Mr. Mieczyslaw Grudnicki, the very antithesis of a liberal but much weakened politically by the

widespread strikes in the area this week. Nevertheless it is hard to see them letting influence slip from their grasp without a struggle.

The other basic power group is the Warsaw Party organisation headed by Mr. Alojzy Karkoszka which is a traditional recruiting ground for the higher reaches of power. Here there is Mr. Stefan Olstowski, a relatively young man reputed to be an advocate of those reforms necessary to bring the country out of the crisis and who was ready to agree to the new unions.

But Mr. Olstowski, too, supports a hard line towards dissidence and few expect him to favour any liberalisation in the wider sense. Mr. Olstowski is supported by the reformers but it is unclear whether he has the backing of the party



Mr. Gierek: No surprise if he had resigned.

apparatus and the Government's administration.

In the present climate of uncertainty at party headquarters, it is said that only Mr. Olstowski and Mr. Stanislaw Kania, the man in charge of the army and security, are in fact still taking

concrete decisions. Since the beginning of the crisis Mr. Kania has stuck to the view that use of force would be counter-productive for the authorities and some speculate that he, too, is leadership material.

Muskie unhappy about union aid

BY DAVID BUCHAN IN WASHINGTON

THE CARTER Administration is ready to try to underwrite increased credit for the Polish Government to buy more U.S. grain and farm products, but is unhappy about a cash contribution from the main U.S. labour federation to Poland's new independent trade union organisation.

Against the advice of Mr. Edmund Muskie, the Secretary of State, the AFL-CIO this week approved an initial \$25,000 (\$10,350) to help the Polish trade union organisation on its feet.

Mr. Lane Kirkland, the AFL-CIO president, was loudly applauded when he told his

federation: "The free trade union movement cannot advance in this world on little cat feet. I will not accept the suggestion that we pussyfoot about it at all." Earlier, Mr. Muskie had expressed misgivings to Mr. Kirkland that cash from U.S. unions might be misinterpreted as subversive by the Soviet Union.

Administration officials said yesterday that President Carter's letter to European leaders urging that the West do all it can to help Poland applied equally to the U.S.

But the Administration has not yet decided formally to meet Poland's request for an in-

crease in U.S. Government agricultural credits from \$550m this year to \$670m next year. Mr. Jim Starkey, Deputy Under-Secretary for Agriculture, said yesterday that a decision would not be taken until late this month or early October.

Polish officials from the central bank and Finance Ministry were in Washington this week providing the U.S. Treasury with information.

Mr. Starkey noted that each year some 70 countries sought a share in the U.S. agricultural credit programme of \$2bn. Next year it would take the form of guarantees of commercial bank credit.

Czech attack on strikers

BY PAUL LENDYAI IN VIENNA

RUDE PRAVO, the central organ of the Czechoslovak Communist Party yesterday levelled strong attacks at unnamed "anti-socialist elements" in Poland for the second consecutive day and drew parallels between the 1968 crisis and invasion of Czechoslovakia and the current Polish situation.

The newspaper charged that "western anti-Communist centres" were stepping up their ideological subversion, and accused the West of waging a "psychological war" against Poland and other socialist countries.

The hard-line Czech leader-

ship, warning that Poland was "an important link in the socialist community" said the Czech experience was that counter-revolutionary forces not only attacked the socialist system frontally but from time to time strove for erosion and disruption from within. These forces also wanted to destroy the unity of the Warsaw Pact states, Rude Pravo added.

The Czech papers have been much more critical of events in Poland than the media in neighbouring Hungary. Diplomats regard the flood of warnings emanating from Poland's neighbours as evidence of continuing concern about the future course in Poland.

Soviet union leader 'poorly'

BY DAVID SATTER IN MOSCOW

THE LEADER of the Soviet Union first independent trade union, Mr. Vladimir Klebanov, was reported yesterday to be in poor physical condition after treatment with strong behaviour modification drugs in a special psychiatric hospital in Dnepropetrovsk.

Mr. Klebanov, a former mining foreman from the Donbas region, tried in December, 1978, to organise a union which would fight for Soviet workers' rights outside the official trade union structure.

Mr. Klebanov's grievances against the Soviet trade unions were similar to those of the Polish workers against the offi-

cial trade unions in Poland, which are also part of the structure of Communist Party control.

The Soviet trade union group was disbanded after a series of arrests in early 1977 and Mr. Klebanov was committed to the special psychiatric hospital in Dnepropetrovsk where Soviet dissidents have been held.

According to a reliable report, Mr. Klebanov has since been receiving continual forcible injections of behaviour modification drugs intended for severe paranoias or schizophrenics.

The effect has been to cause a severe swelling of Mr. Klebanov's face and to distort

his features and speech. His complexion has become yellow and the effect of one of the drugs has been to distort his physical movements.

Mr. Klebanov has continued to insist that he is psychologically normal and to denounce his detention in hospital as a form of repression, but this has only led to him being given extra injections of drugs with painful effects.

According to the report, Mr. Klebanov is forbidden to walk in the corridor and is only allowed out of his room for one hour a day when 300 people at a time are taken for exercise in the hospital yard.

Mixed comfort for Carter

BY DAVID BUCHAN IN WASHINGTON

GOVERNMENT FIGURES released yesterday showing a modest dip in unemployment in August and at the same time a continued surge in wholesale prices provided mixed comfort for President Carter, whose handling of the economy is a bedrock issue in the U.S. election campaign.

The unemployment rate edged down from 7.8 per cent in July to 7.6 per cent last month. The Labour Department reported that total employment remained steady in August and the reason for the improvement was that more hiring in the broad manufacturing sector outweighed a further decline in construction industry jobs last month.

The producer or wholesale price index rose 1.5 per cent in August, compared with the index's 1.7 per cent increase in July, the Government an-

nounced yesterday. Two-thirds of the August increase was blamed on food prices, aggravated by this summer's drought.

Wholesale food price changes take a relatively short time to show up at the retail level, and American consumers could be paying sharply higher prices in the shops just as the presidential election enters its final weeks.

The emerging picture is of an economy recovering more quickly than anticipated from a recession that has done less than expected to depress inflation. The Administration can draw some relief from the fact that its forecast of unemployment rising to 8.5 per cent in the last quarter of 1980 so far looks pessimistic. Since the big increase in the number of people thrown out of work in April and May, the overall unemployment

rate has shown relatively little movement.

But inflation is still high. Wholesale prices are a gauge of future consumer price movements, which are the most politically-sensitive measure of inflation. Apart from food, however, the Government reported that the rise in wholesale prices of other goods moderated slightly from July to August.

The wholesale price index last month stood at 249, with 1967 as the base year of 100. The jobless rate for workers in manufacturing dropped a full percentage point last month, to 9.3 per cent, reflecting a recovery there evident from other economic indicators. But unemployment among construction workers rose another 2.2 points in August to 18.3 per cent compared with only 10.5 per cent last February.



Mr. Erkmén: defeat over policy

Demirel Cabinet shaken

By David Tonge

THE SURVIVAL of the present Turkish Government is in doubt following a parliamentary vote yesterday which forced the resignation of Mr. Hayrettin Erkmén, the Foreign Minister.

Mr. Erkmén had been accused by the opposition of neglecting Turkey's relations with Arab world and of following policies which were linking Turkey too closely to the West. A censure motion against his supported 230 deputies. This is four more than the number necessary to bring down the Government in a vote of confidence. Shows that if the opposition remained united it could topple the minority Government of Mr. Süleyman Demirel.

Mr. Demirel has insisted that yesterday's vote cannot be treated as a vote of confidence, but he also faces censure motions against his Ministers of Finance, Energy and Health.

The Government has sought to strengthen Turkey's defence links with the West and has signed a treaty with Washington on the future of the U.S. bases in Turkey. It has said that by the end of this year it would apply for full membership of the European Community. At present Turkey is an associate member.

Mr. Demirel has been pressing for early general elections, believing that these would enable him to replace his present minority Government with one enjoying an absolute majority in Parliament.

£129m Franco-German Siberia deal

BY JONATHAN CARR IN BONN

A CONSORTIUM of West German and French companies has signed a DM 555m (£129m) deal with the Soviet Union for delivery of plant and machinery for an aluminium smelting project in Sayansk, Siberia.

The U.S. Government is known to have had some reservations about the deal on the grounds that it might undermine restrictions on sensitive exports to the East. But the West German side feels that it has been able to demonstrate to Washington that this fear is groundless.

The accord was signed in Moscow yesterday between the Soviet foreign trade organisation V/O Metallurgimport and the consortium, which comprises Klockner Industrie Anlagen, Dusseldorf, Klockner's French subsidiary and KID Humboldt Wedag of Cologne. Consortium deliveries for the

Soviet project, which aims to produce 500,000 tonnes of aluminium a year, are due to start next year.

A financial credit covering deliveries under the German part of the deal has been arranged between the Soviet foreign trade bank and the West German concern, Ausfuhrkredit-Gesellschaft. This credit is covered by a Government-backed guarantee.

For the French part of the deal, worth FF 420m (included in the overall total of DM 555m) a credit has been made available by a French bank consortium led by Société Générale.

Parallel to this accord, Klockner and Company, the holding company run as a limited partnership for the French, Steel, fuel and engineering interests, has signed a separate agreement

with Moscow for the purchase of aluminium. Further details were not immediately disclosed.

Originally Klockner and Alcoa, the U.S. aluminium concern, were to have been involved in a joint project. Under it, the Russians would have received an advanced aluminium smelter involving an electrolysis process and complex steering machinery.

Alcoa apparently withdrew when the U.S. imposed restrictions on high technology trade with Moscow following the Soviet intervention in Afghanistan. Some officials in the U.S. believed that the West Germans were trying to evade these restrictions in going ahead with deliveries for the Sayansk project, and the matter was raised last week during the visit to Washington of Herr Hans Dietrich Genscher, the West German Foreign Minister.

However, the West Germans insist that they stand by their declaration that they will not step into business which U.S. companies lose because of restrictions imposed after Afghanistan. They say that their deliveries to the Soviet Union do not involve high technology—only basic plant and materials. It is assumed that the Russians themselves are seeking to provide the technological input from their own resources.

The Germans also stress that the planned deliveries do not fall within the scope of the list of sensitive products which Western countries have agreed not to export to the East.

This U.S. has been seeking to have the list expanded since the Soviet intervention in Afghanistan, but European countries have so far shown little enthusiasm.

Italy bomb suspect faces extradition

By David White in Paris

A COURT in Aix-en-Provence, southern France, yesterday recommended the extradition to Italy of Sig. Marco Affatigato, an extreme right-wing activist who was arrested in Nice a few days after the Bologna railway station explosion in early August.

The extradition order has still to be endorsed by the French Government.

The Italian authorities had issued four international warrants for Sig. Affatigato's arrest, the most recent being for theft and forgery of identity papers. The 24-year-old Italian has received two prison sentences in absentia, one for attempting to rebuild a Fascist party in Italy, the other for assisting the escape of another man, accused of murdering two policemen and of taking part in a fatal attack in 1974 on the Italian express. That man has already been extradited.

France's extradition laws stipulate that a person may only be tried on the charges for which he has been extradited and that people cannot be handed over for political crimes.

However, the French have recently bent this second rule for what are considered serious crimes. It has allowed the extradition of several Italian activists of the extreme left, including two men suspected in the Aldo Moro kidnapping case.

Sig. Affatigato had been living openly in Nice for some months, working as a dishwasher in a hospital. He has claimed to have proof that he was in France at the time of the Bologna explosion.

French trawlermen reject manning compromise plan

BY ROBERT MAUTHNER IN PARIS

THE FRENCH fishermen's dispute, which disrupted cross-Channel traffic for several weeks during the peak summer holiday period, flared up again yesterday, when the Boulogne crews rejected a compromise settlement.

A draft agreement on manning drawn up earlier this week by a national mediation committee, mission of government representatives, trawler-owners and fishermen, was rejected by 276 votes out of a total of 510 at a mass meeting of Boulogne trawlermen.

As a result, the Boulogne fishermen will continue their seven-week-old strike, though it was not immediately clear whether they would resume their tactics of blockading ports. Most of the independent inshore fishermen, on the other hand, have returned to work and lifted their blockades of harbours along the Normandy, Brittany and Mediterranean coast.

Only 183 of the 510 fishermen voted in favour of the proposals

drawn up by the mediation commission to try to reconcile the position of the two sides of the industry.

If the compromise on trawler manning levels had been endorsed by the fishermen, the boats would have sailed immediately with existing 22-men crews while a new agreement on crew sizes was being negotiated by a deadline of October 1.

But the compromise nevertheless called for acceptance in principle of a reduction in the size of crews through the operation of a shift system.

The fishermen's decision was a victory for the Communist-led CGT union, which had rejected the compromise from the start. The socialist CPDT, which claims that more than half the Boulogne fishermen are members of its organisation, favoured acceptance of the draft agreement, but did not formally instruct its members how to vote.

Inflation falls

INFLATION in Argentina fell below 100 per cent last year—the first time it has done so for more than five years, according to cost-of-living figures released by the Economy Ministry, Robert Lindley reports from Buenos Aires. The increase over the past 12 months was 88 per cent, and the cost-of-living increase in August was 3.4 per cent, the lowest for more than three years.

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Giving investors an edge in competitive world markets

BY KATHRYN DAVIES IN COLOMBO

THE FRAMEWORK for a fully liberalised economy has been created in Sri Lanka by eliminating import controls, equating currency rates to realities and removing many restrictions on exchange control, foreign remittances and foreign travel, a Financial Times conference in Colombo was told yesterday.

Mr. Upali Wijewardene, director-general of the Greater Colombo Economic Commission, said that as a result of incentives offered to foreign investors by the Government since early 1978, Sri Lanka was proving to be a base for industrial expansion, with low costs giving investors an edge in highly competitive world markets.

Within the last two years the commission had approved 121 projects from 25 countries with

an estimated total investment of 3,353m rupees (£86m), of which more than two thirds was foreign capital.

Dr. W. M. Tilakaratna of the Ministry of Finance and Planning said that the Government's programme in the public sector was biased largely towards providing the social and economic infrastructure in which higher levels of investment and production by the private sector would become possible.

The Government would also welcome foreign participation in Sri Lanka's public corporations which were in need of rehabilitation, review and the infusion of managerial talent. The Government's number one priority remained the reduction of unemployment, although even if Sri Lanka achieve the high rates of investment en-

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visaged over the next four years, there would still be 450,000 out of work by the end of 1984.

The social consequences of development policies should be given higher priority, said Mr. J. B. Maramba of the United Nations Economic and Social Commission for Asia and the Pacific. Mr. Maramba said that

in spite of low rates of overall growth and relatively low per capita income, Sri Lanka has, among the developing countries, one of the highest indices when measured by the physical quality of life index.

Its highly literate population, nationwide system of medical care, comparatively egalitarian distribution of income and assets and thriving democratic political system "are social assets to be envied even by countries which may have attained much faster rates of overall economic growth."

Sri Lanka's agricultural sector will continue to offer the greatest opportunities for meeting employment, export promotion and import substitution objectives, said Mr. Tun Thin, Director of the International Monetary Fund's Asian depart-

ment. Investments in agricultural infrastructure and irrigation presently contemplated in the Government's medium-term investment programme would transform the environment for field-crop agriculture in the 1980s.

An upgrading of Sri Lanka's commercial laws was promised by the Minister of Trade and Shipping, Mr. Lalith Athulathmudali. "Before the end of this Government's period in office every possible commercial law should be up to date in this country," the Minister said.

An unprecedented number of investment proposals have been put to the foreign investment advisory committee since 1977, the committee's chairman, Mr. C. Chamugama, told the conference. The total foreign capital component of the 113

projects approved in 1979 was \$121m—15 times more than that in 1978. According to the figures for the first six months of this year, foreign capital investments total \$1,502m, more than that for the whole of last year.

There will be plenty of opportunities for foreign participation in the various types of commercial and industrial development associated with the Mahaweli Ganga development scheme, according to Mr. Gamini Dissanayake, Minister of Mahaweli Development.

These opportunities would occur in agriculture, agro-industries, fresh water fishing, hotels, tourism and recreation, housing and construction, manufacturing industry, textiles, and garments.

Warning to investors in South Africa

By Bernard Simon in Johannesburg

U.S. COMPANIES with investments in South Africa will face growing pressure to implement codes of fair labour practice, according to a leading U.S. civil rights campaigner, Mr. Leon Sullivan.

Mr. Sullivan, a director of General Motors, is the author of the "Sullivan principles," a set of guidelines which aims to encourage American companies in South Africa to improve their black employees' living and working conditions.

Some 140 companies, including almost all major U.S. investors, have signed the principles. About 325 U.S. investors in South Africa are considered large enough to warrant adherence to the principles.

Mr. Sullivan, who is on his first visit to South Africa, said he would support action against U.S. companies who were unwilling or unable to adhere to the principles, failed to or refused to have their performance monitored.

He added that he would ask the U.S. Government to consider tax penalties and other sanctions against such companies. "I'm going to turn the screws on you," he told members of the American Chamber of Commerce in Johannesburg.

Companies' progress in implementing the principles is monitored regularly by a U.S. group of management consultants. In their last report, issued late last year, 24 companies were listed as making "good progress," 63 were making "acceptable progress" and nine, needed to be "more active." Businessmen in Johannesburg said a new performance report would be issued soon. The Seychelles Government has withdrawn landing rights to South African Airways aircraft, apparently for political reasons. The airline had announced earlier this week that its flights to Hong Kong would in future be routed via Mauritius, and admitted yesterday it had had early warning of the decision.

UK NEWS

Why canned sprats are something of a red herring

WHEN IS a sprat not a sprat? Answer: when it is canned for sale in the UK. Then it must be called "sild," writes Richard Mooney.

British fish canners claim that this situation, which results from the ludicrous regulations, is costing them a large slice of the home market and denying the country's fishermen a potentially valuable outlet for their catch.

The trouble is that British consumers seem to find the term sild every bit as unappetising as sprat. So the canners want to call their canned sprats "Scottish sardines" or "bristling sardines," names they believe would be less offputting.

Before the cry of "decep-

tion" goes up it should be pointed out that while sprats certainly are not sardines from a zoological standpoint, neither are they sild, which is the Norwegian word for young herring. Under labeling regulations as they stand, however, sild is all they can legally be called in the UK once they are put in cans. Amazingly, even the correct name of sprat is ruled out.

They could be called "bristling" if it could be guaranteed that the cans contained no young herring, which can only be called sild. But this is impossible since the two species frequently swim together and it would not be feasible to separate them before canning.

Consumer tests carried out

by the Canned Food Advisory Service (CFAS) have shown that when the name is not a factor few consumers can distinguish between canned sprats and canned sardines, and those who can rarely have a taste preference between the two. The canners claim, therefore, that the principal of "passing off" does not apply since the distinction between the two products is not one of quality.

In the UK 60m cans of imported sardines, worth £20m at shelf prices, are consumed each year. But sales of sild are negligible. British processors believe they could win a substantial share of the home market if their product was not saddled with the name sild.

Export experience tends to support this contention. Described as Scottish, Cornish, Irish and bristling sardines, between 30m and 35m cans of British-caught sprats are exported annually, indicating that foreigners find the product appealing under those names.

The canners' problems began in 1915 when a Portuguese producer won a British court ruling reserving the name sardine for the young of sardina pilchardus (pilchard). Previously the term had been used to describe any small oily fish packed flat in cans with the heads removed. This is still the case in most other countries, including the U.S.

In view of the strength of

the consumer protection lobby in Britain, the canners will have to battle very hard indeed to have the 1915 ruling reversed. They are trying to enlist the support of the consumer associations in their fight, however, and if they succeed victory is not out of the question.

CFAS claims sprat "sardines" could win a big enough share of the home market to provide work for an entire fish processing factory. Extra jobs would also be created in the can manufacturing industry and some of the pressure on the fishing industry would be relieved. With unemployment at its present level, this argument could just tip the scales in the canners' favour.

Air show boost for industry orders

By Michael Donne, Aerospace Correspondent

BRITISH aircraft companies are confident of clinching orders worth several hundred million pounds after the business days of the Farnborough International Air Show this week.

Mr. Eric Beverley, commercial director of the Dynamics Group of British Aerospace, and president of the Society of British Aerospace Companies, said yesterday it was widely accepted that the air show was the best ever staged by the industry.

Trade attendance is estimated at more than 50,000 visitors from more than 100 countries. Many officials from the 500 British and overseas companies taking part in the exhibition echoed Mr. Beverley's view.

While it is accepted that many orders announced during the show—over £200m worth, including £100m for the updating of the UK air defence system—were the result of months, and even years, of negotiations, it is also acknowledged that the thousands of separate business discussions held during the week are likely to result in many new contracts in the near future.

It is difficult to place a precise figure on the value of such business, but spokesmen believe that it could run into several hundred million pounds, and all those to whom I spoke were clearly delighted with the opportunities the show had created.

The recession has had little effect on the aerospace industry, and order books are full across the industry, from civil and military aircraft to engines, electronics, and components and equipment.

If the UK aerospace industry has a problem, it is one of shortage of skilled labour—a point repeated many times during the week.

The show is given over to the public this weekend, with more than 200,000 people expected to watch the best flying display yet staged in this country. More than 80 types of aircraft will take part, ranging from the Royal Air Force Red Arrows aerobatic team and the big airliners, such as the Airbus and TriStar, to the smallest types, such as the new Edgely Optica observation aircraft.

Hafren-Severn TV posts for Lord Hooson

Financial Times Reporter

LORD HOOSON, the former Liberal MP, has been named as chairman of all three boards at Hafren-Severn Television, the sole contender for the Wales and West of England ITV franchise held by HTV.

Hafren-Severn announced its line-up of directors yesterday, and said the company would have three boards: a main board and local boards for the West and for Wales.

Among the directors named were Olympic gold medalist Lynn Davies, ex-Welsh rugby captain Clive Rowlands, and fashion designer Laura Ashley.

OBITUARY

Former Dean of St. Paul's dies in New Zealand

THE VERY Reverend Dr. Martin Sullivan, KCVO, former Dean of St. Paul's, London, died in Auckland, New Zealand, yesterday. Dr. Sullivan was Dean of St. Paul's from 1967 to 1977. He was 70.

Born in Auckland, he was Archdeacon of London and a canon of St. Paul's before being appointed Dean. Last year he was made Knight Commander of the Royal Victorian Order, but as a clergyman he was not referred to as "sir."

During his tenure at St. Paul's he was sometimes criticised by more staid churchgoers as being a controversialist. During the London run of the stage show "Hair," he held communion at the cathedral for the cast.

Liverpool port loses £2.54m

By Rhys David

THE PORT of Liverpool lost £2.54m in the first half of this year and the volume of traffic through the port fell 15 per cent on the same period of 1979. The company has also warned that conditions are deteriorating and this will be reflected in the full year results.

The loss, announced yesterday by new chairman Sir John Page, follows a £7.46m deficit last year and is expected to lead to a major study of the port by the National Ports Council and the Mersey Docks and Harbour Company for the Department of Transport. This is expected to be with the company's board in a matter of weeks, and is likely to suggest a number of harsh options for restoring profitability.

The port's problems are being blamed mainly on the UK recession, but Liverpool has had extra difficulties. Dockers brought the port to a standstill earlier this year in support of the national steel strike at a

cost, according to Sir John, of £1m in revenue.

Since the strike UK steel exports, a significant proportion of which pass through Liverpool, have been badly down. Port officials also fear that under its new management the British Steel Corporation will reduce its involvement in Far East export markets, which are served by Liverpool.

The port has also been affected by the decline in UK exports to the U.S.

The port, which emerged in its present form less than 10 years ago after the previous Mersey Docks and Harbour Board had been made bankrupt, claims to have increased productivity by 30 per cent since 1978, mainly by reducing its labour force, but the high cost of rationalisation is one of its main burdens.

In the first six months of this year a £960,000, out of £2.54m losses, represents funds set aside for severance payments to

non-registered dock employees who volunteered to leave the industry by the end of the year.

In the first half of this year a total of 212 non-registered workers left the company, bringing the total down to 3,337 and a further reduction is being sought. The number of registered workers has been reduced by 157 this year but a further 500 are due to go. The port has a new problem, however, with the decision of the private stevedoring company T and J Harrison which employs 168 dockers to cease handling cargo from September 30. Under UK port practice other cargo handlers, the biggest of which in Liverpool is the Mersey Docks and Harbour Company, are obliged to take on the redundant dockers but the port employers have said they are unable to do so.

Sir John, who took over in Liverpool earlier this year from the chairmanship of the soon to be disbanded National Ports Council, said yesterday that the matter was still under discussion. It was hoped a satisfactory solution could be found to the problem before the September 30 deadline. Dockers in Liverpool and Southampton have threatened to strike if men made redundant are not taken up by other employers.

Liverpool's operating revenue in the first half amounted to £31.3m—a drop of £1m on the same period last year, but Mr. Fitzpatrick said yesterday the port had managed to hold on to its share of declining overall UK trade.

The port's main traffic problems are still concentrated in the older general cargo docks which have been affected by the switch to containers. The growth of business through the container terminal has also been halted with throughput this year expected to reach no more than 110,000 boxes against a 160,000 break even figure.

Mr. Alex Kitson, the deputy general secretary of the TGWU, said yesterday that, had a meeting not been arranged between himself and a junior Employment Minister, there would be an immediate strike.

Mr. Kitson is to report on the meeting to a national delegate conference, probably later in the week. The Mersey Docks are at the centre of the dispute, but dockers at the major ports of Hull, Glasgow and Southampton have voted to support any action taken by their Liverpool colleagues.

The cause of the dispute is the proposed laying off of 178 workers, many of them registered dockers, from the two Liverpool stevedoring companies of Bulk Cargo Handling Services and T and J Harrison.

Both companies are closing down, the former on September 16, the latter at the end of the month. Under prevailing practice, the workers would have been found jobs by other local employers. But the Mersey docks employers have said they will not employ the workers because they are already over-staffed.

The Mersey docks had threatened to strike from September 17 if the first group of workers to be made redundant are not found jobs.

However, Mr. Kitson said that an agreement had been reached to delay the redundancies, thus giving some breathing space.

It has been proposed that the 178 workers, once redundant, should move on to the temporary unattached register which, under the terms of the Jones/Aldington agreement of 1972, is used only for disciplinary purposes or for dockers who are between work for a few days.

Dockers' shop stewards up and down the country see this move as a serious breach of practice which would lead to large-scale redundancies.

Mr. John Alderson, the Chief Constable of Devon and Cornwall, said that cultural phenomena may be at the root of the problem and its control. Vandalism was less conspicuous, if not entirely absent, in Japan, Israel and Switzerland.

Because of the nature of vandalism neither police nor the judicial system could be expected to provide the main solution, said Mr. Alderson.

robust materials can bring immediate gains.

Home Office research projects indicate limited scope for changing vandals' behaviour, said Dr. Ekblom. The value of such apparently sensible solutions as deterrence, treatment of offenders, anti-vandalism publicity campaigns or improved leisure provision was very doubtful.

Although there is no across-the-board solution to vandalism, better surveillance of public areas, better design and more

adolescents seeking prestige and excitement.

robust materials can bring immediate gains.

robust materials can bring immediate gains.

TUC AT BRIGHTON

Anger over Loyalties to Labour attacks on nationalised industries divide delegates

CONGRESS overwhelmingly approved motions calling on the TUC general council to campaign against the Government's use of cash limits for nationalised industries, and to resist the de-nationalisation programme.

The general council was asked to counter a Government campaign of "abuse, misrepresentation and belittlement" of nationalised industries, their management, employees, and unions.

Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, said the Government's obsession with the public sector borrowing requirement was only cutting investment and creating unemployment.

"There is not a shred of evidence to prove that over the last two years there has been any saving to the country," Mr. Simon Fitch, deputy general secretary of the Engineers' and Managers' Association, said the Government was trying to portray the nationalised industries as a whole as a drain on the public money was poured.

Congress approved a motion on the shipbuilding, aerospace and telecommunications industries which called on all workers to refuse to buy shares in a de-nationalised concern, and for all such industries to be taken back into public ownership without compensation.

The general council was criticised by one of its constituent unions for failing to show enough public concern over the Government's plan to break the Post Office monopoly.

DIVISIONS OPENED in the ranks of the TUC yesterday over the relationship between unions and the Labour Party. But eventually, congress approved a motion reaffirming its traditional, official position of party political neutrality.

The decision followed the refusal of congress earlier this week for economic and industrial reasons to work with the present Conservative Government, and the acknowledgment by TUC leaders of the overtures for a new social contract put forward by Mr. James Callaghan, leader of the Labour Party.

The motion approved by the TUC, from the apolitical Engineers' and Managers' Association, said that policies which placed undue emphasis on the achievement of purely party political objectives "might well be unnecessarily divisive." It was ruled by Mr. Terry Parry, the TUC chairman, to have been defeated by a show of hands but, on a card vote, the voting in favour of the transport workers, engineers, local government officers and civil servants was enough to defeat the motion, 7,998,000 votes to 3,338,000, a majority of 4,670,000.

Mr. John Lyons, the EMA general secretary, moving the motion, said that there was a tendency in the TUC to lean too heavily on a future Labour Government to do everything for it. To be so dependent on one party only reduced the TUC's independence when that party came to power.

The present divisions in the Labour Party—which Mr. Lyons said were "clearly reflected in this congress"—between Left and Right over constitutional issues had increased the significance of the question.

Mr. Lyons said that any member union was entitled to affiliate to the Labour Party, but that the TUC itself needed to be free to pursue the objectives defined by congress.

"I believe it could place the unity of this congress under great strain if some of the new philosophies now being argued over in the Labour Party were to triumph, and were then to be imposed on the TUC either by a Labour government or by virtue of other unions' links with, and commitments to, the Labour Party," he said.

Mr. Lyons considered that no party political conference was to determine whether there should be an incomes policy affecting his members.

Seconding the motion, Mr. Leif Mills, general secretary of the Banking, Insurance and Finance Union, acknowledged

Reports by John Lloyd, Philip Bassett and Nick Garnett.

that most of the issues debated by congress were political—but they were not party political. It was the prerogative of unions to adopt party political attitudes, but equally other unions might not wish to do so.

The motion, however, was fiercely attacked by Mr. Eric Clarke of the National Union of Mineworkers, who welcomed the growth of white-collar unions in the TUC, but said that they could not force Congress into accepting "this kind of a proposal."

Mr. Len Murray, the TUC general secretary, accepting the motion on behalf of the General Council, said that any member union was entitled to affiliate to the Labour Party, but that the TUC itself needed to be free to pursue the objectives defined by congress.

Fisher new congress president

THE BIGGEST single problem facing the trade union movement in the coming year was the Employment Act, Mr. Alan Fisher, the new president of the TUC, said yesterday.

The TUC would be directly involved on the first occasion when a union ran into trouble over the law, said Mr. Fisher, general secretary of the National Union of Public Employees.

Mr. Fisher, aged 58, has replaced Mr. Terry Parry, leader of the Fire Brigades Union, as president. He said the overwhelming concern of the union movement would be unemployment.

He also warned that the

Government's insistence on public sector cash limits would create difficulties. As with the law, a dispute involving public sector pay would inevitably involve the TUC.

Mr. Fisher is a vociferous defender of the rights of the low paid, and was heavily involved in the so-called winter of discontent in 1978-79. He was elected to the general council in 1968.

He is chairman of the Local Government Committee and, among other things, a member of the Finance and General Purposes Committee and the Economic Committee. Married and with three children, he lists his hobbies as the theatre and gardening.



Mr. Alan Fisher, new president of the TUC.

Restoration of free NHS treatment demanded

A MOTION demanding a big increase in the proportion of national income spent on health care, to restore free National Health Service treatment, was passed by congress.

The motion was proposed by the Hospital Consultants and Specialists Association.

Mr. Brownlow Martin, general secretary of the association, said that Europe had one third more doctors per head of population than Britain, and 25 per cent more hospital beds.

Dr. Stephen Watkins of the medical practitioners' section of the Association of Scientific, Technical and Managerial Staffs, said exploitation of women was so fundamental that every unionist should oppose it.

He was proposing a motion, amended by the Confederation of Health Service Employees and backed by congress, for the TUC to seek proper funding of such special health facilities for women as clinics and day care abortion services. Congress also decided to demand free screening services for diabetes—which can cause blindness—and full affiliated union support for the International Year of Disabled People next year.

Congress is to campaign for

the fourth TV channel to adopt the quota of British programming observed by ITV and the BBC.

Delegates approved a motion from the Association of Science Technicians for an adequate level of long-term financing for the BBC. They also wanted satellite transmissions subject to firm regulatory control, and the congress is committed to resisting attempts to carry advertising on subscription TV.

Business wound up with tributes from Mr. Terry Parry, the retiring president, to three members of the TUC general council who are also retiring from the council.

They are Mr. John Chalmers, general secretary of the Butlers' Union, Mr. Joe Gormley, president of the Mineworkers' Union, and Mr. Harry Urwin, of the Transport Union.

Their places on the council are being taken by Mr. James Murray (Bollermakers), Mr. Arthur Scargill (Miners), and Mr. Larry Smith (Transport).

Mr. Gormley and Mr. Urwin, who have been on the council for more than five years, received gold medals from Mr. Parry.

Howell deplores lack of policy on urban decay

THE PRIME MINISTER began her administration with a quotation from St. Francis of Assisi about hope and help for people who needed it. Mr. Denis Howell, president of the Association of Professional, Executive, Clerical and Computer staff, told congress yesterday.

Instead, said Mr. Howell, a former Labour Minister, the darkness had multiplied, and the despair deepened.

Congress agreed a motion from APEX which was amended by the National and Local Government Officers' Association, deploring the lack of coherent Government policy to deal with urban decline and social deprivation.

Congress was opposed to the Local Government Planning and Land Bill which it agreed "will undermine the independence of local government."

Mr. Howell referred to social deprivation and urban decay. Thousands of citizens were living in urban areas with no jobs and no proper homes, he said.

Riots in Bristol earlier this year, he said, were largely the result of cuts in local and Manpower Service Commission facilities.

OTHER LABOUR NEWS

Few at meeting on Vauxhall pay

BY PAULINE CLARK, LABOUR STAFF

FEWER THAN 400 of Vauxhall motor company's 5,000 transport union workers at Luton turned up for a meeting on pay yesterday—further evidence of the apparent distaste of British car workers for a big pay battle this year.

The meeting decided to follow the vote of the plant's engineering-union members this week to hold a secret ballot on the company's 8 per cent pay offer.

The offer to Vauxhall's hourly-paid workforce of 25,000 was rejected overwhelmingly at a mass meeting in Ellesmere Port on Thursday, but that meeting was also poorly attended by the 3,000 members of the Transport and General Workers' Union.

Shop stewards at Luton said bad weather might have contributed to the poor turnout. But they also spoke of "apathy" at the plant, where the 10,800 hourly-paid workers are already on a two-day strike because of the recession in the motor industry.

Engineers may be offered single figure pay rise

BY NICK GARNETT, LABOUR STAFF

ENGINEERING EMPLOYERS are expected to make a single percentage figure pay offer next week at the start of the industry's national wage negotiations.

The Engineering Employers' Federation, which is to conclude consultations with member companies on Monday, has already told union officials that the industry could really afford nothing because of the state of profits and order-books.

The federation has stressed to union negotiators that the industry's productivity is not high enough and that a large wage deal would even further erode its weak position. Some Federation officials appear to believe that a very large proportion of workers accept that view.

The unions have submitted a claim and are looking for increases of about 20 per cent. They have told employers that

such a level of settlement is justified and should, they believe, be shouldered by the industry.

The claim and the offer refer to minimum time-rates within the industry's two-tier bargaining system. Following last year's settlement after a long dispute, minimum time-rates will rise at the anniversary date of each member company's annual local agreement.

Pay appointment

PROFESSOR Sir John Wood, chairman of the Central Arbitration Committee, has been appointed to succeed Professor Hugh Clegg as chairman of the Standing Commission on Pay Comparability until the commission is wound up early in the new year.

BL's market share contracts

AUGUST WAS a bleak month for BL in spite of vigorous car sales in the UK nearly breaking the highest records. Importers prospered. The Japanese claimed a 19.7 per cent share of the market, a considerable increase on their sales during the corresponding month last year.

However, according to official statistics published today (see table), BL's market share shrunk to 15.29 per cent, down by nearly 4 per cent from August, 1979. This is a significant trend, in view of BL's recent, earnestly promoted

price cutting campaigns. The industry is preparing for a lean time during the rest of the year, in spite of the first upturn in sales since March. August is usually a bumper month for new car sales. The long-term prospects remain gloomy.

UK CAR REGISTRATIONS									
	1980	%	1979	%	1980	%	1979	%	
Total UK Produced	83,947	36.78	89,459	41.56	470,223	41.10	574,706	44.20	
Total imports	147,929	63.22	125,776	58.44	673,887	58.90	724,711	55.80	
Total market	231,776	100.00	215,235	100.00	1,144,110	100.00	1,299,417	100.00	
Ford*	35,417	15.29	35,417	16.41	347,712	30.39	362,426	27.90	
BMW*	35,417	15.29	41,465	19.26	197,829	17.29	266,224	20.46	
PSA—Talbot*	14,201	6.13	13,252	6.16	68,444	6.00	94,602	7.33	
Citroen	4,418	1.91	4,905	2.28	21,715	1.90	25,324	1.95	
Peugeot	4,818	2.08	5,048	2.35	19,975	1.75	29,071	2.24	
General Motors—Vauxhall*	14,285	6.17	13,433	6.24	85,980	7.51	85,346	6.58	
Opel	4,532	1.96	3,403	1.58	17,676	1.54	20,855	1.61	
Other GM	127	0.05	163	0.08	736	0.06	882	0.07	
Total GM	20,972	9.02	17,199	7.99	104,392	9.12	107,143	8.25	
Datsun	25,391	10.95	16,324	7.58	77,134	6.74	74,240	5.72	
Renault	10,976	4.74	9,925	4.61	66,699	5.83	68,775	5.29	
Fiat Auto—Fiat	9,080	3.92	9,388	4.36	35,892	3.14	52,291	4.03	
Lancia	1,263	0.54	1,216	0.56	3,955	0.35	7,424	0.57	
Total Fiat Auto	10,343	4.46	10,604	4.93	39,847	3.48	61,715	4.75	
VW/Audi	12,992	5.61	11,386	5.29	49,804	4.35	54,445	4.20	
Volvo	6,945	3.00	6,131	2.85	28,327	2.48	27,582	2.12	

* Includes cars from companies' Continental associates which are not included in the total UK figure.

† Includes cars from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders

Vandalism 'not

THE WEEK IN THE MARKETS

Gilts set the pace

A STRONG pound put new heart into the gilt-edged market this week. On Monday sterling rose to a 53-year high at over \$2.40, following its rise in late trading in New York on the previous Friday. Gilts set the scene all week, only hesitating on Thursday when earlier hopes of a cut in MLR proved to be unfounded.

Equities by and large produced little on their own account for early in the week to justify any enthusiasm but the atmosphere which had encompassed the gilt market finally overtook equity dealers on Wednesday and share prices picked up with the 30-share index lifting just over seven points to 489.8.

On Thursday, however, the equity market had some encouragement of its own. Second quarter income from BP was better than the City analysts had been expecting and Cadbury Schweppes also proved the pessimists wrong with its half yearly report.

BP's half timer

Who understands British Petroleum? Not the market, it seems. Thursday's second quarter figures pushed the shares up 18p to a high of 356p before leading them back down to 348p for a net gain of 4p on the day.

The fact that oil company shares frequently behave like the Duke of York's men on results day is largely attributed to the impenetrable accounting methods. In this case, analysts were working from a first quarter base artificially depressed by unrealised exchange provisions. For a company like BP which can buy crude in dollars, invoice it to customers in marks and then convert back into sterling, the swings-and-roundabouts effect can be dramatic.

Behind the accounting adjustments, however, lies one clear piece of good news and one piece of bad. In retrospect, the severing of BP's Nigerian and Iranian supplies has rebounded to the group's favour. It has been forced on to the spot

LONDON
ONLOOKER

market where the current glut has driven prices below contract rates. This happy circumstance may well continue for the rest of the year since the gap left by Saudi supply cut-backs will almost certainly be filled by higher exports from Libya and Nigeria.

Furthermore, the Saudi policy will improve the competitive position of BP and Shell vis-à-vis the Aramco partners, leaving them better placed to withstand any pressure on margins.

The bad news is that BP's chemicals and plastics business is performing appallingly. The trading loss on chemicals in the UK was £34m over the first half, which makes even the recent dismal figures from ICI read like a success story. The company has already made sizeable redundancies but it would be surprising if more cuts were not made before the end of this year.

BICC says 110p

BICC took a lot of stick for the manner of its first approach to Higgs and Hill earlier this year, and deservedly so. There was Higgs pottering quietly along and enjoying its independence — when out of the blue

going to use such a report as a basis for haggling. Its offer stands even if the net assets are found to be as much as £2m below the last book figure of £12.3m.

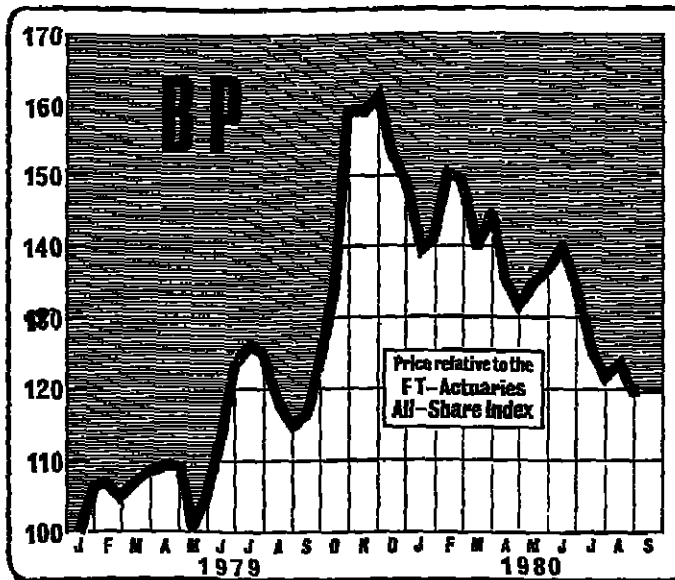
Why is all this thought necessary? The answer is that bidding for a medium sized building contractor is not like buying a manufacturing company. The numbers depend to an enormous extent on the skills of the tendering department, and one successful (or duff) contract can make a big difference to the values. BICC knows all about this, having been hit by large contract losses after buying Tersons a decade ago.

BICC's conditional offer of nearly £10m looks reasonably attractive in relation to Higgs' profits record and its share price before BICC first made its approach. Higgs' shareholders should be given the chance to make up their own mind.

Sweeter Cadbury

The pessimists got a surprise from Cadbury Schweppes this week. Despite the decline in the confectionery trade, retailers' destocking, and the severe pressures on margins in the U.S., the sweets and drinks group managed to hold half-time pre-tax profits at £21m, just £700,000 short of the comparable period.

UK confectionery volume slumped around 9 per cent during the six months, but aided by an increase in market share



Coral in the market but so far no counter bidders have emerged and Grand Met does not expect any.

Coral's net worth, following a recently revaluation of assets, is probably close to the bid price and Grand Met may get some short-term return if a deal in the works to sell a two-thirds stake in Coral's Centre Hotels chain to the Taj group of India for about £27m goes through. A reference to the Monopolies Commission is also possible, given the link-up of the two group's betting shop chains. Grand Met claims that even together the 1,300 Mecca and Coral shops would not be the largest chain in the country and would account for less than 10 per cent of the market.

Nevertheless, the huge group, which has major interests in distilleries, breweries, hotels and dairy products as well as gaming and betting, is well placed to weather the storm, with the next year some of the businesses that have reached a mature status.

Weir in red

The news from Glasgow was none too cheerful this week as the Weir Group, Britain's premier manufacturer of pumps and related equipment, unveiled a discouraging pre-tax loss of

£2.4m for the first half of 1980. Along with the figures came the even less happy news that Weir's bankers had teamed up with the Finance Corporation for Industry to scrutinise the company's "scope of operations" and to agree on "a basis for continued support."

Remedial action above and beyond the group's reduction of some 900 in the Weir Pumps workforce came swiftly. Yesterday the group confirmed that Mr. Randolph Spence, the managing director of the pumps business, had resigned and was being replaced by his deputy. There is no doubt that Weir means to tidy up its operations, but it may take some time.

With a capital gearing level now hovering around 140 per cent, Weir is sacrificing large sums in interest payments. They doubled in the half-year to £3.7m. In addition, its net asset base is shrinking visibly as a result of attributable losses; interim attributable deficits of £4.2m have brought net assets down to the £32m level and by year end this could slip down.

The major problem facing the group is the more than expected performance of its pumps division. This part of Weir may have lost around £2m in the first six months of the year. Redundancy costs were also severe at around £1.5m.

The Reagan rumour

WALL STREET was having a party on Thursday when it was hit by one of those rumours which can only happen in the fevered atmosphere of fortunes and careers being made or marred.

With the ticker tape from the Stock Exchange running up to 20 minutes behind business because of the hectic pace of trading someone went on to the floor or picked up the phone and told someone else that Ronald Reagan was dead or dying.

The story said that Mr. Reagan, whose physical health has threatened at times to become as much of a political issue in the U.S. as that of Mr. Brezhnev or, before his death, Chairman Mao, had suffered a heart attack on board his campaign jet.

The Reagan camp was swift to deny the rumour, but it was effective enough in an edge market to help turn round a double digit gain for the Dow in early trading and push it towards the negative column. It ended a couple of points lower on the day.

The stock market has not made much secret of its political preference for Mr. Reagan, whose proposed tax cuts it hopes will give a new year boost to business profits and to stock prices. The bond market is more cautious, however, worrying somewhat about the inflationary consequences of Mr. Reagan's programme.

Another feature of Thursday, for which Mr. Reagan and the rumour-mongers bear no responsibility, was the fact that on a day when almost 60m shares were traded and the institutions waded heavily into the spree, the most actively traded stock of the day was, well, can you guess?

A bank maybe, helped by the recovery in loan demand? A securities company riding high on the heavy volume of recent business in the markets? An

NEW YORK
IAN HARGREAVES

oil company with a discovery? A consumer durables firm thought likely to profit soon from the upturn in the economy?

Well, the last category almost has it, but the name of the company, Sony of Japan, probably comes as a surprise.

In fact, Sony has stopped the most active list on several days this year, a fact which this column has sought explanations for.

Mr. Harry Machida, Sony's investor relations man in New York, says quite bluntly "That's what I don't understand either." But Mr. Machida feels, naturally enough, that it is chiefly to do with the fact that Sony is doing rather well and looks set to do better.

Mr. Otis Bradley, an analyst with the Baltimore Securities Firm of Alex Brown, is one of three or four Wall Streeters currently tipping Sony shares and therefore, at least in part, responsible for what has been happening.

He says that Sony possesses the basic appeal for big trading because it is a cheap share—around \$12 last week—which however erroneously makes even the most hardened professional buyer feel that he is getting more for his money than if he spends a \$1,000 on shares which cost \$80 each.

He is also very excited about Sony's earnings potential which, after a period of several years in which currency fluctuations, loss of leadership in video recording equipment and some uncertainty about management strength reduced earnings growth, are now growing again. Mr. Bradley is forecasting earnings of \$1.20 a share this

year, compared with only 38 cents last year and he expects the figure to reach \$2 per share in 1982.

His optimism is based upon the fact that Sony is now back out in front in the video recording business and that it now has this sector firmly established as its leading sector, contributing 27 per cent of revenues.

The effect of this American optimism has therefore been to suck ownership of the company out of Japan.

At the beginning of the 1970s, when the U.S. was starting to become painfully aware of how good the Japanese electronics companies were, Sony was also riding high and selling in the U.S. at an astonishing price earnings multiple of 40.

At that time 30,000 shareholders in the U.S. owned 43 per cent of the company's shares. At the beginning of this year, the number of shareholders was the same (in other words the institutions had kept their fingers in the Sony pie) but they amounted to only a 5 per cent stake in the company.

But since then the trend has been up, reaching 7.5 per cent in April and, according to Mr. Machida, an estimated 17 per cent now, when it is selling at a price-earnings ratio of 10.

The ceiling on foreign ownership of the stock is 47 per cent, but with European ownership estimated at 10 per cent there is still some way for the present U.S. trend to move, if the buyers are there.

For American investors too, there is the comfort that the future of Sony has nothing to do at all with Mr. Reagan's age or his real or imagined ailments.

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	HOLIDAY
	940.78	953.16	948.81	+ 8.19 +12.38 - 4.35

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	Today	on Week	High	Low	
FT Ind. Ord. Index	494.4	+10.5	503.1	486.9	Rally helped by Gilts
FT Govt. Sec. Index	69.44	+1.72	72.54	63.85	Revised demand
FT Gold Mines Index	428.0	+38.3	428.0	265.5	Rise in bullion price
Treasury 1 1/2% 91A (£50 pd)	644.4	+1.1	650.1	644.1	Medium tax reactivated
Aeronautical and General	530	+105	538	212	Proposed 100% scrip-issue
BP	358	+16	412	320	Int. results beat expectations
Cadbury Schweppes	66	+6	66	54	Int. profits above expectations
Charter Corp.	240	+16	242	134	Buoyant mining sector
Coral Leisure	71	+31	92	54	Agreed offer from Grand Met.
Cornell Dresses	52	+33	52	104	Bid hopes
De Beers Deft.	450	+53	553	368	Stock shortage/buyout bids
Gencor	930	+130	948	650	Sharply increased 1-yr. profits
Haynes Publishing	123	-29	170	119	Fears of forecast profits shortfall
Higgs and Hill	93	+16	96	45	Cond. bid of 110p from BICC
Northgate Exploration	435	+65	585	325	Drilling report
Sabina Inds.	43	+14	58	26	Speculative demand
Sainsbury (J.)	500	+33	500	280	Persistent support
Somportex	215	+451	215	78	Stock shortage
Westland	128	+18	128	441	Helicopter orders
Whitworth Electric	51	+30	52	21	Good annual results

table to the impenetrable accounting methods. In this case, analysts were working from a first quarter base artificially depressed by unrealised exchange provisions. For a company like BP which can buy crude in dollars, invoice it to customers in marks and then convert back into sterling, the swings-and-roundabouts effect can be dramatic.

Behind the accounting adjustments, however, lies one clear piece of good news and one piece of bad. In retrospect, the severing of BP's Nigerian and Iranian supplies has rebounded to the group's favour. It has been forced on to the spot

BICC announced that it would like independent auditors to take a look at Higgs' books. If it liked what it saw, it said it would make a bid.

This was like someone trying to cash in the dowry before buying the engagement ring. Higgs' reaction was predictably crisp.

This week, however, BICC has put itself in a much sounder position as a would-be wooer. It still wants an independent look at the books. But it has now put itself on the line by promising to pay 110p per share subject to a favourable auditors' report—which it wants drawn up in conjunction with Higgs' existing auditors. And it is not

and the big productivity gains achieved in the previous 12 months, Cadbury actually pushed up its overall UK trading profits by a tenth to £17.2m. Outside of confectionery, demand has not been too bad. The company says that most of the advance at home came from the drinks, tea and food divisions. Trading profits were up from each, and even confectionery produced a small increase.

Meantime across the Atlantic, life has been even more difficult. From a modest rise of £2.1m in sales to £55m, trading profits collapsed from £2.8m to under £1m. Admittedly 1979 included £600,000 of royalties that have since expired. Both the drinks and confectionery operations are under pressure. Coca-Cola and Pepsi have increased their marketing budgets and Peter Paul (confectionery) must wait impatiently for the market leaders, such as Mars, to increase their prices.

Since the first half the poor summer weather has taken some of the steam out of Schweppes in the UK but there are some tentative signs that the confectionery market might be picking up at long last. However prospects will be influenced by the pricing policy of Rowntree as it tries to fight back.

Grand Met leaps

Grand Metropolitan scarcely had time to swallow, let alone digest, the large U.S. tobacco and drinks group, Liggett, before a fresh acquisition opportunity arose two weeks ago.

When Coral Leisure reported an interim profit collapse on August 22 Grand Met directors, who had occasionally looked covetously on Coral's chain of betting shops and the Pontin's holiday camp business in the past, decided to study the troubled group more carefully.

Coral's bad results and the slide of its share price to 54p also refuelled public speculation that a bid might be imminent as the only solution to the rising costs of its large debt load and the challenges of the police and the Gaming Board to its London casino licences.

Grand Met moved quickly and put together an attempted shut-out offer to exchange 13 of its shares for every 20 Coral shares. That valued Coral at £85m based on the 155p pre-bid price of Grand Met shares on Monday, representing a 67 per cent premium over the 60p price of Coral shares on Monday morning. Not surprisingly, Coral directors embraced the approach enthusiastically. Later, in the week, Grand Met took the further precaution of buying a 6 per cent stake in

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FINANCE AND THE FAMILY

A claim to a tenancy

BY OUR LEGAL STAFF

My grandfather owns a piece of land on which he allows a farmer to graze his cows in return for a daily pint of milk, and a coal merchant to park his lorry for a cart of coal a week. He has not made a will. On his death, does the family consult a solicitor and have the land conveyed to their names? Is it a costly process?

We think that you should consult a solicitor, although it is not legally required that you do so. The devolution of the land should not cause any undue problem or be too costly, but the possibility that the farmer and coal merchant, or one of them, may claim a tenancy requires careful handling of the matter.

Joint tenancy survivor

My husband and I are joint tenants of a house. My husband has not made a will and I understand that if he were to die, I should be entitled to the first £25,000 of his estate, plus a life interest in half the remaining estate. How does the value of the house come into this?

As long as the joint tenancy remains unsevered the whole house will accrue to the survivor without falling into the estate of the first to die. In that event the statutory legacy on the intestacy of the first to die would be in addition to the half share in the house and is computed without taking the value of the house, or part of it, into account, as that passes automatically to the survivor.

House on daughters land

My wife and I propose to build at my expense a residence on land owned by our daughter whom we wish to live near owing to our advancing ages. If our daughter gives us a licence on a peppercorn rent to occupy the land during the lifetimes of both of us presumably the land and any building on it will revert to my daughter simply by the expiration of the lease. Will this procedure attract any taxation along the line and if so, what?

We think that there is a risk that there may be a charge to capital transfer tax on the cost

of the house unless there is a lease, not a licence, which can be represented as good consideration for the building. You would be wise to consult a solicitor.

Sovereigns and kruggerands

I have recently read that Sovereigns are totally exempt from capital gains tax and income tax as they are considered to be legal tender in this country. Is this so?

If not what is the true position? If one takes a hypothetical case of say someone who bought at much lower levels six or seven years ago say several hundred coins, has not bought any since and now wishes to dispose of them and take his profit what would be the likely reaction of the tax office to this? Suppose this same person had sold them piecemeal in small lots to avoid capital gains tax and take advantage of the tax-free limits and now wishes to sell the remaining bulk, what then?

As far as Krugers are concerned, how are these

treated taxwise? How would they be treated in the same hypothetical case as above for Sovereigns. Any difference or not?

Sovereigns dated 1838 or later are exempt from CGT (under section 19 (1) (b) of the Capital Gains Tax Act 1979). Sovereigns dated 1837 or earlier are within the scope of CGT, as tangible movable property (not exempted by section 127 of the CGT Act).

Kruggerands are within the scope of CGT (under section 19 (1) (b) of the CGT Act). Transactions in Sovereigns (of any date) and Kruggerands are within the scope of case I of schedule D.

Hypothetical examples are of little practical value in forecasting whether any particular body of General Commissioners (or the Special Commissioners) would find, as a question of fact, that a particular transaction constituted an adventure in the nature of trade. Every case depends upon its own facts, and upon the view taken by the appeal Commissioners (whose finding of fact is unlikely to be disturbed by the Courts) upon appeal against their decision by either party.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

If the amount at stake is substantial, you may well decide that it is worth seeking local professional guidance.

Possession of a flat

My daughter is a student at London University. She owns a flat near the college which she let while she was studying abroad. The tenancy agreement specified that she will wish to recover possession for her own occupation on September 11, 1980, pursuant to case 11 of the 15th schedule to the Rent Act 1977. She now has accommodation in college. Is she able to continue to let her flat with the certainty of recovering possession when she needs it?

If your daughter does not exercise her right to obtain possession on September 14, 1980, we think that she will not lose the right; but in any case she may still be able to rely on the discretionary power given to the Court under paragraphs 5 of Case XI.

Sub-contractors bad work

Recently we bought an old house in Scotland requiring extensive renovation. A contractor was appointed and some of the work was sub-contracted to a firm of plumbers/electricians which failed to get on with the job. Eventually, my architect instructed the main contractors to sack the sub-contractors and a new firm was engaged to complete their work.

It is likely that the sub-contractors will charge more than the original estimate since they are having also to rectify sub-standard workmanship by the original sub-contractors. I understand that I may withhold labour costs but not materials costs from the original sub-contractor in order to defray any additional charges by their replacements. However, if these additional costs come to more than the labour costs of the original sub-contractor, would I be able to defray these against labour charges made by the main contractor? Also, if the original sub-contractor attempts to recover part of his labour charges by sending in an inflated bill for materials, would I be able to demand an examination of his receipts for these materials? It is impossible to provide a comprehensive answer to the

points raised in your letter without having greater knowledge of the background. You state that an architect was engaged by you for this contract but you do not state whether the work was carried out under the normal R.I.B.A. conditions whereby the architect grants certificates from time to time for work completed.

If it was, and your architect had certified that at least some of the work had been completed by way of an interim certificate, then you would be obliged to pay for the work so certified—that would apply whether the work had been done by the main or the sub-contractor.

If the work was not being carried out on such a formal basis then the first plumber/electrical sub-contractor may have no claim against you at all as the work done appears to have been defective and you have incurred further costs in rectifying these defects.

If the costs of rectifying the defects exceeds the benefits you received from the first sub-contractors' work then you may have a claim in damages against him which may compensate or exceed his contractual claim which he has for the work completed which lies against you.

These are all matters upon which your architect should be able to advise you and obviously all bills received should be scrutinised by him in order to ascertain the precise sum you are bound to pay.

Water rate and a garage

Water rate and a garage. I own a house and adjoining garage and the local valuation office has advised that the total rateable value of £451 is made up of house (£422) and garage (£29) although it appears that the garage is not officially separately assessed. The garage is not served either by a water supply or main drainage. Would it be legally proper for me to withhold payment of the water sewerage and environmental rate levied in so far as it relates to the rateable value of the garage?

We think that you cannot properly withhold the water and sewerage rate on the garage unless the garage is separately rated. Your proper course is to apply for separate rating of the house and garage. Once the garage appears in the valuation list as a separate hereditament you can properly refuse the water/sewerage rate.

The crisis when mother falls ill

INSURANCE

ERIC SHORT

IF FATHER falls ill and is unable to work, then there are financial problems for the family. True he can get social security benefits at a comparatively low level, but if he is earning above National Average Earnings, this only partially replaces his income.

But more attention is now being paid to ensuring that the employer makes up the earnings to at least 75 per cent of net take-home pay, even if the illness or disability is prolonged for years.

But what happens if mother falls ill? Little thought is given to this problem—perhaps because our childhood recollections are that she never fell ill, while father went to bed on the first signs of a cold.

If a housewife falls ill or has an accident so that she cannot do her normal household tasks, then either near relatives, friends or neighbours are

called in to help out until she has recovered. Or else outside help has to be hired and this does not come cheap these days. It could mean a drain on earnings even though the husband is still working.

Six years ago, Mrs. Barbara Castle, then Social Services Secretary, introduced the Non-Contributory Invalidity Pension for housewives to meet this need. But the weekly payment is only £14—rising to £16.30 in November and becomes payable only if the illness lasts for at least six months.

There is a strong case for taking out permanent health insurance on housewives to meet such costs, or just to be in a position to avoid having to rely on the willingness and generosity of others to help out. One may be willing to help out for a few weeks, but not for several months.

Yet only five life companies are willing to offer such permanent health contracts for housewives and the maximum benefit level is low. Indeed as the accompanying table shows that with two companies it is ridiculously low.

Lack of demand for such con-

COST OF PERMANENT HEALTH INSURANCE FOR A HOUSEWIFE AGED 29 WITH COVER CEASING AT AGE 55				
Company	Max. weekly benefit	Monthly premium for the maximum benefit Period from onset of illness to payment of benefit		
		4 weeks	13 weeks	26 weeks
Commercial Union	50	—	5.02	3.97
Norwich Union	50	5.37	2.83	2.10
Permanent Insurance	50	6.23	3.07	2.43
Phoenix	20	—	2.18	1.95
Yorkshire-General	15	2.11	2.00(a)	2.00(a)

(a) Minimum monthly premium.

tracts is one overriding reason why such schemes are not widely written.

The permanent health benefit is paid if the person concerned cannot follow his or her normal occupation. With employed persons a doctor's certificate is adequate. The person has only to be off work to get the benefit. But many housewives with a similar illness carry on quite normally.

When asked about claims procedures for housewives, two companies could not say what happens in practice, simply because to date they have not had any claims. But the starting point is a doctor's note certifying—that the housewife is

unable to fulfill her household duties. In practice this would normally mean that she was confined to bed or a chair, though some companies are prepared to pay a benefit for depression.

The rates charged are higher than for men, even though sickness experience for housewives is very limited. This "discrimination" infuriates the Equal Opportunities Commission. But Mr. Derek Bond, the actuary of Medical Sickness and Permanent Insurance the largest operator in this field is quite confident that his companies' experience shows that women are more prone to sickness than men.

Yes, there is tax after death

TAXATION

DAVID WAINMAN

DEATH and taxes, according to Benjamin Franklin, were the only certainties in his world.

Since the world changes little, a taxpayer leaving it today for the next is still certain to bequeath a number of tax headaches to his executors. Capital transfer tax on the assets passing on his death is likely to be the major impost depleting and dissipating the assets of the deceased.

Capital gains tax is not generally a burden, the general rule being that any gain arising when a man's assets cease to be his and become his executors' property, is not to be a chargeable gain. The executors acquire those assets for capital gains tax purposes at their value at date of death.

That much capital gains tax is well known: the wrinkles probably less so. It is the executors who acquire the deceased's assets on his death and they then hand them over to the "beneficiaries" during, or at the end of, the administration period.

"Beneficiaries" in this sense may be those entitled under the will, those taking in an intestacy, or trustees acquiring assets which they are to hold for some continuing purpose—but all of them take over the executors' same acquisition value.

The executors themselves therefore make neither gain nor loss on assets passing through their hands to those entitled to them. The only

gains upon which executors will be liable are those arising on their own sales of assets.

In calculating their liabilities for the year of death and each of the next two years, the executors are entitled to exemption of the first £3,000 of gains in exactly the same way as is an individual.

Dying can be said to double the £3,000 exemption, in the sense that the deceased has his exemption for the part year in which he dies, as well as his executors having a second exemption for the balance of that year. If the deceased has losses rather than gains in the part-year to the date of his death, these can be carried back against gains in the three years before that.

But it will almost certainly not be either of the capital taxes which cost the executors the most effort. Income tax is the more complex and time-consuming burden—so much so that one must wonder whether the law's requirements could not be simplified and abbreviated without undue loss to the Exchequer.

The grand design is that executors should be taxed at the basic rate, and that the beneficiaries should therefore receive their income under deduction of tax. Those beneficiaries whose personal deductions entitle them to a repayment of the basic rate tax will then claim it back, and those liable at higher rates will be assessed on the gross equivalent of the net sums they have received.

That grand design must, however, be applied: and it is the detailed rules for its application which stand in danger of being little comprehended and even less loved.

The rules take as their starting point the basic principle of

executorship law that unless the will provides otherwise, a beneficiary who is absolutely entitled to a specific asset is entitled also to the income which that asset produces from the date of death.

This should create no particular difficulties, but tax law requires that so far as concerns income on the assets falling into the residue of the estate, a similar attribution be achieved in the two stage process.

It is assumed, for the first of those stages, that the executors start by merely making payments on account to the beneficiary concerned. He reports as his income the gross equivalent of these sums as he receives them.

The executors review these provisional distributions at the time they finish the gathering and distribution of the estate. (The time at which this process is completed is known as the end of the administration period.)

The rules require them to calculate exactly how much income arose in each year for each beneficiary having an absolute interest, and to advise him what must accordingly be regarded as his revised income, gross and net, for each year of assessment.

The rules are subtly different, and the complications greater for beneficiaries whose interest is only a "limited" one, rather than one which is absolute. The widow who has a life interest in the income from her late husband's estate is an example of a person with a limited interest.

In the first instance her income is again quantified as the gross equivalent of the net sums paid on account of her entitlement. But when the re-

vised calculation is made at the end of the administration period, the aggregate net amounts, finally paid are regarded as having accrued evenly throughout the administration period. Her income for each year of assessment is therefore arrived at by splitting the total on a time-apportionment basis.

Requests of specific assets as we have seen normally carry with them the income from those assets. The residuary beneficiaries, whether their interest in residue is absolute or limited, are then entitled to the balance of the income. But they are entitled to deduct from the net amount of that residuary income the executors' expenses of administration, any annuities which are payable out of the residue, and interest on money borrowed to pay capital transfer tax on personally before the grant of probate (this latter being the factor which enables the executors to sell what assets they must pay the tax).

No one gets any repayment of tax on these expenses, but the beneficiaries' recalculated income is smaller than it would otherwise have been. The executors' task of recalculation is complex enough, but is made more so where some beneficiaries may have taken not only income but also some part of their assets out of residue during the administration period.

Tax on the income arising after death is only a part of the executors' worries. They also have to sort out the deceased's own liabilities to the date of death—a process which in his absence all too frequently requires to be achieved by guess and by God.

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HOW TO BEAT THE MARKET

The following six shares were among those recommended in the IC News Letter in 1977 and were all showing increases of at least 350% when the latest comprehensive table of our 1977 selections was published in March of this year. Even the average capital appreciation of all 54 shares recommended in 1977 was 144.0% compared with an equivalent fall of 1.4% on the FT Index. This represents a further spectacular advance from the average gain of 74.1% (against one of 6.6% in the FT index) shown in a follow-up table published just over a year earlier in February 1979, exemplifying the staying power and sound fundamentals of most IC News Letter recommendations (although profit-taking remains an important part of the News Letter's advice).

Where else could you make this improvement on your savings?

SHARE	Recommended Price in 1977	Price at 15/3/80	At High %	At 19/3/80 %
Automated Security	15	240	+1,680.0	+1,500.0
Burnham Oil	41	196	+4,756.2	+4,756.2
Capital & C. Prop.	175	94	+514.3	+437.1
De La Rue	119	610	+4,100.0	+4,100.0
Henderson-Kanton	44	212	+3,855.5	+3,818.2
White Industries	450.31	4516.50	+9,352.4	+1,713.2
All 1977 Selections	—	—	+244.0	+144.0
FT Ind. Ord. Index	438.1	432.0	+27.5	-1.4

These figures are taken from a follow-up table published in the March 28, 1980, issue of the IC News Letter; this table is available on application. Since 1966, when comprehensive follow-up tables were introduced and have since been published in the IC News Letter, the IC News Letter's weekly share recommendations have on average beaten the FT Index by substantial margins, averaging well into double figures (based on share prices a year after recommendation).

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YOUR SAVINGS AND INVESTMENTS 1

John Makinson looks at unlisted shares

Selling by the rules

AUNT AGATHA has left you a few 5 per cent debentures in the Buenos Ayres Railway Trustways Company. Henry, still living in Buenos Aires, invites you out for a holiday and selling the debentures would help meet the cost. There is, however, no official market in BAUT debentures, so the problem is how to sell them. The solution is Rule 163 (2).

About 300 securities are traded under this Stock Exchange rule, which provides a rough and ready market for unlisted stocks and shares. In most cases, trading is minimal. BAUT debentures have not been dealt since March, for example. The list is peppered with breweries and football clubs, together with such services as the Instant Starter Engineering Company and the Women's Pioneer Housing Society.

Recently, however, there has been a considerable growth of interest in 163 (2) securities and the Stock Exchange is in the final stages of drawing up a regulated Unlisted Securities Market (USM), which it intends will largely replace the 163 market. Under the new regulations, it should be easier (and probably safer) for small investors to deal in unlisted securities.

The 163 revival dates from the middle of 1978, when the Stock Exchange published a booklet explaining to customers and investors how the market could be used. At the time, it was prompted by concern that new official listings had almost dried up since 1973, yet the advances being made by Mr.

Michael Nightingale's market in unlisted securities persuaded the Stock Exchange that there was a real demand for dealings in small companies.

It was also conscious of the need to help such companies at a time when the Wilson Committee was preparing its report on city institutions.

In order to stimulate interest, the Stock Exchange arranged for 163 prices to be published on the back page of the Daily Official List. At the same time, it recognised that if the market was to grow, it would probably need a regulatory structure.

It therefore invited views from interested parties and last December published a "document for discussion." Discussions followed and this week the Stock Exchange produced a more definitive set of proposals.

The new document has made a timely arrival since interest in unlisted securities has grown enormously over the past two years. Around 20 new companies have been listed under Rule 163 (2) and almost all of them have been traded actively.

In the last week of August there were 658 bargains concluded in unlisted securities, amounting to £24m unusually low because of the holiday season. Over the past few months, weekly turnover has topped £14m, though this was mostly because of various activity in companies listed under Rule 163 (3).

This is a separate category for mineral exploration companies and has attracted about a dozen companies, most of them with North Sea exploration interests.

Dealings in 163 companies are

completed in the same way as a trade in BP or ICI. A broker will settle a contract through a jobber and will change the same commission as for a listed security.

Furthermore, as Rule 163 companies fall under the auspices of the Stock Exchange, investors are entitled to protection under the Stock Exchange's Compensation Fund and brokers are obliged to obtain the best possible terms for their clients. Every individual transaction must be rubber-stamped by the Stock Exchange.

At present, however, the shareholder's protection ends there. Unlike a company on the official list, a 163 (2) company is not obliged to produce a prospectus and is under no obligation to provide investors with information on its activities and results. The investor may, therefore, have to rely on his own researches. This is practicable for an institution, less so for an individual.

In practice, however, new 163 (2) companies have provided fairly comprehensive information before seeking entry to the market. Baker Electronics, for example, produced detailed audited accounts and a profits forecast when it came to the market early last month.

Once the dust has settled, 163 (2) companies are generally little more volatile than officially listed shares, though the same can not be said for the often highly speculative 163 (3) companies. Price movement may be erratic at times however, because of the modest dimensions of the market and the fact that many companies have placed only a small proportion of their issued capital in the market.

Many of the new companies, like Bio-Kil and Air Call, have



a decidedly 20th-century ring and the market also includes well known and actively traded companies as Weetabix.

In addition, several companies have moved down from an official listing to 163 status in order to cut their reporting costs and take advantage of the new interest in unlisted securities.

Under the Stock Exchange proposals, a three-tier market would be created with the more heavily traded 163 companies expected to take place in the Unlisted Securities Market (USM). Companies entering this market would have to provide a financial record, though not necessarily an auditors' report, and would need to have at least 10 per cent of their shares on offer in the market.

The proposals envisage that brokers would be able to act as principals as well as agents in some cases in order to encourage the provision of local capital in areas where there may be no jobbers. Companies currently listed under 163 (3) would also be expected to move up to the USM. At the same time, however, companies which remain under 163 would be progressively limited.

The new proposals may

After the bombardment... a shot from the Alliance

SAVERS THIS year have been bombarded by building society marketing men. Flexible and ever more flexible term shares—offering that extra fraction of a per cent, easier withdrawal facilities, and a combination of the two—have rained down unrelentingly in appeals to the individual's pocket.

This week, however, the gun has changed direction a little with the Alliance Building Society's launch of a new yearling bond aimed at institutional investors. Primarily for tax reasons, individuals have been excluded but pension funds, life companies and other corporations will be able to subscribe to the new bonds which come in £50,000 multiples.

With the first issue of £5m placed yesterday at a coupon of 15½ per cent, the Alliance hopes to raise a total of £60m in this way in the next year.

Individuals may not be directly concerned but one idea put forward by Mr. Roy Cox, Alliance's chief general manager, may one day affect building society borrowers. This is the concept of the fixed rate mortgage, not the type of fixed rate loan until recently popular in the U.S. (where the interest

HOME LOANS

TIM DICKSON

remains fixed over the whole term), but a mortgage where the interest rate would be pegged for, say, one year.

Mr. Cox's idea is that some of the money raised at fixed rates (e.g. the new bonds) could be matched with a borrower. Many people, he feels, might welcome the removal of some of the uncertainty caused by the current variable (and frequently changing) rate.

Among possible hurdles would be the need for a new mortgage deed. As Mr. Cox readily admits some borrowers may not be as happy to accept a rate determined by the Alliance as they do accept one recommended by the Building Societies Association.

The new bonds, meanwhile, represent the first ever building society placing in the wholesale money market. Anglia, Hastings and Thanet Building Society went to the institutions for money late last year but funds

in this case came in the form of a straightforward loan from banks.

Building societies generally are divided on the need to step out of their traditional high street lending grounds. The BSA working party report earlier this year broadly concluded that societies would be able to meet the demand for housing finance in the next 10 years from their traditional sources.

Mr. Cox, however, argues that the societies could be reaching saturation point in terms of the growth of private investors. Numbers of individual account holders have risen from 10m in 1969 to 29m at the end of last year, although this does not take account of the many people who have accounts with more than one society.

"If such a rate of growth continues," he said, "the number of investors would almost outnumber the total adult population by the end of the current decade." Given Mr. Cox's belief that the demand for home loans will continue to increase, the supply of funds may have to be found elsewhere.

An amicable drop of Scotch

INVESTORS interested in saving through unit-linked life insurance contracts already have a wide choice of plans from a host of life companies. The field is being widened even further as another traditional life company, Scottish Amicable, virtually confirmed its entry last week with the appointment of John Davies as Assistant Marketing manager (unit-linked).

Unit-linked life operations first made a big impact on the life assurance scene at the beginning of the 1970's and at that stage the established companies resolutely opposed their development. One by one they have changed their stance and have set up linked operations with varying degrees of success.

UNIT-LINKING

ERIC SHORT

industry, said the Cabinet Council. Scottish Amicable should be successful if its record over the past decade is any guide. Under Mr. Bill Proudfoot, it has been transformed from a backmarker in Scottish life assurance to the third largest and the fastest growing life company in Scotland. More important, it has got its investment performance right, rising from middle of the table into the top five for with-profits performance over all terms. Its linked pension fund

SCAMPI is among the top performers.

Mr. John Davies, who comes from Sun Alliance linked operations, will be responsible for contract planning among other tasks. But this year's Budget has set back Scottish Amicable's timetable. It is still discussing whether to offer equity and gilt investment through unit trusts or internal funds. Anyway, it expects to launch a single premium bond early next year followed by other products during the year.

Standard Life, which took the unit linked plunge last October, has already accumulated funds of over £13m. Such success is clearly encouraging Scottish Amicable to jump in as soon as possible.

Abbey's facts of Life...

INSURANCE

ERIC SHORT

THE DISPUTE between insurance brokers and the Life Offices Association, and between companies within the association over commission paid to intermediaries suddenly erupted a few days ago.

The first bang came during the brokers' conference at Brighton in April. Like the U.S. volcano, Mount St. Helens, each successive eruption has had a bigger impact than the previous one.

But, the bang this week from Abbey Life has scattered ash further than ever and could well shake the structure of the LOA itself. For Mr. Michael Hephher, the newly appointed chairman of Abbey, the company told the Press on Thursday that the company was considering leaving the LOA unless the commissions problems were satisfactorily resolved.

The crux of the problem is that brokers not only want more commission for their business, but feel that their efforts and expense in getting life business entitle them to extra cash.

Many life companies, particularly the newer ones, are fully in sympathy with the brokers' case. Crown Life, for example, left the LOA earlier this year so that it could pay higher commission for volume business.

Mr. Hephher disclosed some ambitious plans for Abbey in the present decade and there is no doubt that he will need the

full support of brokers to achieve the growth targets. On the other hand, he accepts that in these days of increasing Government involvement, the life assurance industry needs a strong, fully representative trade association. If Abbey Life left the LOA, he feels sure, certain other life companies would soon follow, and the credibility of the LOA could be undermined.

Even the hint that Abbey Life is contemplating leaving the LOA is of serious concern for investors. The few companies at present outside the LOA can finance higher commission payments from increased productivity. If Abbey left, with others following, then the dangers of a commission war become much more serious—higher commissions in such an event would not necessarily be matched by higher productivity. The consumer would pay in one form or another. It is in his interests that a satisfactory solution is found inside the LOA.

The LOA meanwhile, has been very active in looking after consumer interests regarding life assurance. It has acquired considerable respect from the

authorities and has several successes chalked up including a successful defence of life assurance premium tax relief. The absence of a strong trade association would leave investors open to Government intervention—a point which Mr. Hephher appreciates as much as anyone.

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There are 90 or so Gilts to choose from and they differ widely in income, yield and terms of redemption. Choosing the right ones and switching as conditions change is of prime importance. Tyndall have substantial and successful experience in Gilt Fund management over the last ten years and now manage over £40 million of Gilts and other fixed interest investments. Their skills are now readily available to you.

The Aim—Maximum Income

The Managers will invest for maximum income return compatible with long-term capital security. Initially the portfolio will be restricted to British Government gilt-edged securities, although the Trust Deed permits investment in other fixed interest investments.

You should remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long-term.

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Units are on offer at the fixed price of £1 until 17th September 1980 unless closed earlier. To invest simply complete the coupon below and send it with your cheque. The minimum investment is £1,500 and you can choose between Distribution units in which net income is distributed, and Accumulation units in which net income is reinvested.

Important Details

All applications will be acknowledged and your certificate will be sent within 42 days. After the close of the fixed price offer, units will be dealt in daily and can be purchased at the price prevailing on the receipt of the application. Unit prices and other details will be quoted daily in the Financial Times and other national newspapers. If you wish to sell your units, the Managers will purchase them at the bid price on any dealing day. Payment will normally be made within seven days of the receipt of your remitted certificate. Distributions of £1 at the basic rate are made quarterly on 31st January, 30th April, 31st July and 31st October. Investors now will receive their first distribution on 31st January 1981. An initial charge of 2% is included in the buying price of the units. The Trust Deed permits an annual management charge of 1% (plus VAT) calculated on the average value of the Trust. The Managers are restricting the charge to 2% (+ VAT). Any increase to the maximum permitted requires 3 months notice. Trustees: Williams & Glyn's Bank Limited. Managers: Tyndall Managers Limited, 18 Canynge Road, Bristol BS9 7UA.

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If recommendation units required, tick box ☐ For details of the new Savings Plan, tick box ☐

Surname (Mr, Mrs, Miss or title)

Christian Name (in full)

Full address

I declare that I am over 18.

Signature

Offer not available to residents of the Republic of Ireland.

A Tyndall Group Unit Trust
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Gartmore Gilt Trust

QUARTERLY INCOME

The aim of this Trust, which has attracted funds in excess of £2,000,000, is to provide investors with a high level of income, paid quarterly, together with a measure of long-term capital growth, from a managed portfolio of UK Government Stock (Gilts).

12½% p.a.
Estimated Gross Commencing Yield

Gartmore feel that gilts are attractive at present, since the authorities have held interest rates at high levels, and are determined, as a priority, to reduce the level of inflation. We expect interest rates to fall but would point out that investors in the Trust should continue to receive the level of income published at the date of purchase and benefit, in capital terms, from any general reduction in interest rates.

For your guidance, the offer price of units on 4th September, 1980 was 25.7p.

You can invest a lump sum of £500 or more, or as little as £25 through the Gartmore Moneybail Plan. Please complete and forward the coupon below and the income from them can go down as well as up.

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Johnson Cleaners	+ 63%
Tomatin	+ 36%
Avana Group	+ 157%
Vintem Group	+ 20%
Spillers	+ 45%
Associated Book Publishers	+ 38%
Farnell Electronics	+ 94%
David Dixon	+ 20%
Standard & Chartered	+ 53%
Ratners	+ 18%
Doreen Holdings (Eire)	+ 200%
Oilmin NL	+ 44%
Office and Electronic Holdings	+ 24%
Brengreen (Holdings)	+ 167%
Central Pacific Minerals	+ 146%
Southern Pacific Petroleum	+ 158%
Premier Consolidated	+ 95%

Average capital gain* on profits

*Dealing cost excluded, as are dividends, etc., accruing.

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YOUR SAVINGS AND INVESTMENTS 2

John Moore looks at the latest news from Lloyd's

More to share the spoils

PRIVATE INVESTORS sufficiently well heeled to be members of the world's oldest insurance market may have mixed feelings about the profits announced this week.

Only 10,730 of the 18,552 current members of Lloyd's of London participated in the 1977 prosperity of the UK's leading insurance market. The fortunate 10,730 were those members who have been associated with the market long enough to see a closed year of the Lloyd's underwriting account.

Lloyd's, which announced total profits of £131.4m for its 1977 underwriting year this week, uses a three-year accounting system. The market leaves its accounts open for three years to catch most of the claims that arise on the business arranged in the market each year.

So for the first time since they became members of Lloyd's and started underwriting at the beginning of 1977, 2,165 members will be experiencing their first closed underwriting account.

The rest of the membership which has not seen a closed underwriting year, 7,822 or 42 per cent of the market, will be keeping a wary eye on profit trends. In the next reported underwriting account, for 1978, results of which will be declared next year so there will be 14,091 participants—3,381 more than in 1977, or a 31 per cent increase.



Mr. Peter Green
Chairman of Lloyd's

is the least profitable at the underwriting level. But in spite of exhortations by senior Lloyd's officials that investment income is an uncertain crutch to profits, the competitive conditions outside Lloyd's walls are likely to encourage the use of investment profits to prop up underwriting for some time to come.

Computer losses seem to have made some impact on the Lloyd's market. True, underwriters have been advised to reserve \$340m for future losses but some underwriting agents may have based their reserve assumptions on a higher figure.

To date Lloyd's has paid out \$71m on computer leasing claims, expected to be the largest losses in the market's history, although delays through legal actions involving computer leasing policyholders and Lloyd's, and other "negotiated settlements," means that underwriters will be gaining the benefit from investment income on reserves.

Rolls-Royce of bank cards

THOSE Americans never stop, do they? Not content to shower Britain with Kentucky Fried Chicken, J.R. of Dallas and a light brigade of new retail banking ventures, the latest bolt from the West was revealed on Thursday.

American Express, the international credit group with a reputation in charge cards, travellers cheques and assorted pecuniary services, this week unveiled its latest import into the UK, a deluxe "Gold Card" facility to be available next year "to meet the needs of higher income earners."

Standing side-by-side with American Express was the very British Lloyds Bank, which is to run the scheme through its UK branches.

The new American Express card which is targeted at an audience of between 200,000 and 250,000 Britons who earn a minimum of £20,000, is being seen by some as a "snob card"—nothing more than a status symbol—and by others as the ultimate in plastic payments.

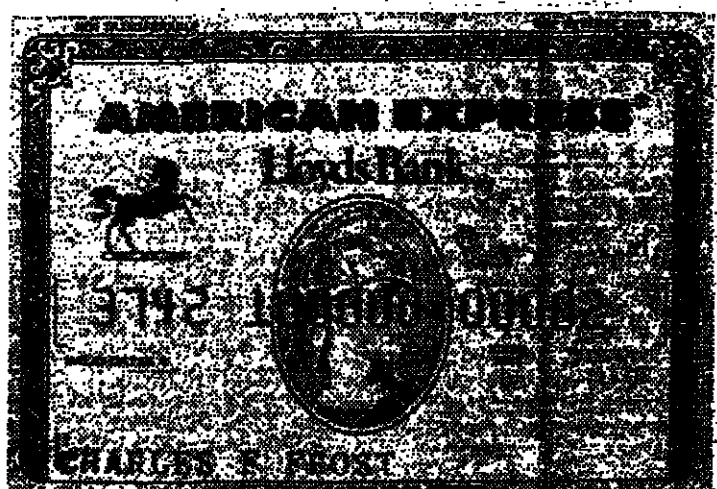
The gold card will offer all the services of the existing American Express green card (average salary of these cardholders is £15,000) as well as a variety of special services.

For example, if Lloyds Bank and American Express decide you are worthy of the gold card, an account will be opened at Lloyds and the gold cardholder will receive an automatic overdraft facility of £5,000. Interest is to be charged at 21 per cent above the Bank's base rate.

In addition, the gold card will entitle holders to draw up to £1,000 in emergency funds at any American Express outlet around the world; normal card carriers can only obtain £500. Gold cardholders will also be able to cash cheques of up to £100 a day at Lloyds branches or Cashpoint facilities instead of the £50 limit for green card customers.

There is to be no pre-set spending limit and the American Express card will be usable at car hire firms, airlines, restaurants, hotels and stores in 165 countries.

Mr. Bob Amos, assistant chief general manager of Lloyds Bank, said yesterday that his bank had promoted American Express



cards since 1967 and that the two organisations would plan to introduce the new gold card by next Spring.

"We believe that the card will sell itself as people see it in use," he said. He noted that "a lot of my own executives have come back from the States and have asked me where they could get one of the gold cards."

The cards would be issued only through Lloyds, he said, and the mode of introduction would probably be through "recommendation." Although the anticipated market in the UK was said to be as much as 250,000, Mr. Amos said he would be happy to see 50,000 cards in use within the next two to three years.

At American Express, Mr. Stuart Quartley, vice-president in charge of cards, confirmed

that "this card is going to be very much at the top end of the market." He described prospective cardholders as "people in the most senior positions of business and people who are affluent in their own right."

Mr. Quartley also explained that the joint venture with Lloyds Bank would be the first of a number of announcements of similar schemes planned by American Express and various banks to launch the gold card in Europe.

Mr. Amos also said that he would be one of the first of the new gold cardholders in the UK. "I am very excited about the new programme—but I am not sure if I dare tell my wife about it," he added.

Alan Friedman

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EQUITIES V ALTERNATIVES!

In the 70s, for the Stock Market to have just kept pace with inflation and to have earned individual investors a real rate of return, the F.T. Index would currently have to stand around the 1500 mark at least—instead, over the same period, pre-tax returns from equities amounted to a staggering minus 21%!

Alternatives however (namely gold, diamonds and stamps, to name but a few) showed returns of several hundred per cent, with excellent prospects in store for the '80s.

Investment Opportunities, a unique monthly guide to investment alternatives, analyses the potential (and the pitfalls) of this exciting new investment field.

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Secret of success

THE TSB's household insurance scheme both for buildings and contents has had a good response since its launch well over a year ago. In particular, its simplicity, as well as the cheapness of its premium rates has appealed to prospective policyholders. Householders simply insure the house or its contents for a minimum figure based on the type and location of the dwelling. And in the event of a claim, the full replacement value on a "new-for-old" basis is paid out up to the sum insured.

As a result there are no complications when it comes to assessing the cost of rebuilding the house or calculating the replacement value of the contents. However, what has not been emphasised about the TSB scheme is that very large risks are not accepted. It will not accept a house where rebuilding costs are more than £150,000 or contents values at more than £20,000, as one reader interested in the scheme has discovered.

The reasons for this limitation are two fold. First, since the scheme is small and largely experimental, the TSB has limited the size of risk so that its portfolio is not exposed to one major loss. No doubt as the scheme grows the TSB may be able to relax its limits.

Secondly as far as contents

placement value of the contents. is concerned, the higher the sum insured, the greater the risk of theft. The TSB has deliberately cut out the high risk theft losses from its scheme—one reason for its competitive rates.

All insurance companies faced with a proposal for large sums insured on contents would insist on an inspection of the house and prescribe certain precautions before accepting the risk. They will not accept the £20,000 plus risk purely from a proposal form.

Whether the TSB can expand its scheme to incorporate the high contents sums insured without losing its attractiveness remains to be seen. But any such change will be some time in the future.

E.S.

The mine the 49ers missed

MINING

GEORGE MILLING-STANLEY

THE RECENT STRENGTH in the bullion price, which now seems to have established itself firmly above the \$800 per troy ounce level, has led to a renewed spate of activity in the fields of gold exploration and development.

Gold has not closed below the current floor price of \$800 since June 23, despite flirtings with that level on several occasions, and this week has looked set to mount a further attack on the \$850 mark.

Most analysts, especially the chartists, seem to agree that a decisive break above \$850 can be expected to lead to a sharp rise in the rate of increase, possibly taking the metal even higher than the historic peak of \$850 at the afternoon fix on January 21 of this year.

This strength, widely attributed to steady buying from Swiss sources, has boosted the Gold Mines index to its highest point since the summer of 1975. But apart from its effect on share prices, the buoyancy of gold has induced many companies to step up the search for the metal. In some cases, this has involved them in taking a second look at prospects they had rejected earlier as uneconomic at the bullion price which prevailed at the time.

Homestake, for long dependent on its original Homestake Mine near Butte in Montana, the Black Hills of South Dakota, which was reputedly first discovered by a detachment of General Custer's army in 1874, has announced a major new gold discovery.

Naturally, much of this activity has taken place in South Africa, by far the largest gold producer in the world. Recent weeks have seen news of major expansion efforts by East Rand Proprietary Mines, Western Deep Levels, and General Mining Union Corporation (at Beatrix in the Orange Free State).

In addition, the Erteel/Dank-barked areas have been exploited, and just last week Anglo American Corporation made a definite decision to go ahead with its plans to reopen the long-abandoned Simmer and Jack mine near Johannesburg.

But this week has shown that the upsurge in gold mining activity is not confined to South Africa. The North American continent has figured largely in recent news of developments in the gold front, with many of the leading names in the mining industries of the U.S. and Canada involved.

The U.S. ranks third among the Western world's leading producers of gold, behind South Africa and Canada, and the country's biggest gold producer, Homestake Mining, is naturally in the van of recent moves to expand output.

Homestake, for long dependent on its original Homestake Mine near Butte in Montana, the Black Hills of South Dakota, which was reputedly first discovered by a detachment of General Custer's army in 1874, has announced a major new gold discovery.

With gold now around three times that level, Texasgulf has decided to develop the mine, at Cripple Creek, Colorado, with its original partners Golden Cycle and Golden Cycle Gold. Estimated reserves are about 300,000 tonnes of ore, grading just over 10 grammes of gold per tonne.

Another U.S. major, Newmont Mining, this week announced that it had found a gold deposit near its Maggie Creek project in Nevada. The new find is low grade, but likely to be much larger than Maggie Creek and suitable for low-cost recovery. Newmont is to go ahead with development work at both sites.

Newmont is also involved in the search for gold in Australia, through a joint venture between its Australian subsidiary Newmont Holdings and the local Valiant Consolidated.

Valiant announced in June that it had found "economically significant" gold mineralisation at Calsoni Pit on its Holloston prospect in Western Australia, about 200 miles east of Perth.

The average grades are low, between 2 and 3 grammes of gold per tonne, but the prospect could make economic sense as an open-pit operation, which is what Newmont is now considering.

The major Canadian natural resources company Noranda Mines figures in two recent gold discoveries. This first, in which Noranda is in partnership

with another Canadian company, Discovery Mines, is on Muir Island in the Northern Territories, and grades a rich 19.28 grammes of gold per tonne.

Noranda's second venture is in the U.S., in the state of Utah, where it is in partnership with Newpark Resources to reopen that company's Mayflower Mine. This property was mined between 1932 and 1972, and over the latter part of its life graded around 15 grammes per tonne.

Exploration, another Canadian company, this week released details of encouraging results from exploratory drilling at its Orofino gold property near Timmins, Ontario. The range of ore grades in recent tests is between 3.8 grammes per tonne and 8.7 grammes, with one narrow width showing a remarkable 72.8 grammes.

At the aptly-named Val d'Or in north-west Quebec, Canada's Camlo Mines has encountered a much wider strip of rich gold-bearing ore, 94 feet grading 24 grammes of gold per tonne. Exploration work continues at the deposit.

Also in north-west Quebec, Falconbridge Nickel Mines is in partnership with Corporation Falconbridge Copper in a gold prospect in the Opawica region, with average grades of just under 7 grammes per tonne.

Obviously, these discoveries are not going to make up for the projected 30 per cent fall in the supply of gold to the Western world this year. Many of them will not actually be producing for several years. But they do serve to illustrate the strength of market forces in the field of gold development.

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BOOKS

A Czech Machiavelli

BY A. H. HERMANN

Night Frost in Prague:
The End of Humane
Socialismby Zdenek Mlynar translated by
Paul Wilson, Rurst. £9.50, 300
pages

Popular discontent and the spark of an idea produced in the Prague spring of 1968 no more than a flash in the pan. A revolt would have required leadership by a united, courageous, and well-organised group, but the people who toyed with the idea of a reformed Communism, and who surrounded and moulded Alexander Dubcek into the role of a protestant Communist, lacked those qualities.

This, and indeed the absence of any political leadership in the events which fired the imagination of the well-meaning left world-wide, is confirmed by one of the men closest to Dubcek, Zdenek Mlynar, a Secretary to the Central Committee of the Communist Party and a Machiavelli to the Prince that never was. His book is most timely: the tremors shake Poland, indicate that the occupation of Czechoslovakia could for a time suppress, but not solve, the contradictions of the Soviet empire.

The book is not pleasant to read. Except when describing actual events and his revelations from inside the Kremlin are fascinating—the author remains shocked by bad habits acquired in drafting Communist Party resolutions and writing in the jargon required by the Communist Press.

The anecdotal illustrations of the Soviet treatment of the ruling communist party of Czechoslovakia, the kidnapping of Dubcek and his friends, and the so-called "negotiations" while in the Kremlin call to mind the memoirs of Cardinal de Retz. The book also lifts for the first time the veil over the inner workings of the party Secretariat and Politbureau of the Communist Party of Czech-

slovakia, a story of pitiful smallness, meanness and ineptitude. "I was shocked by what I saw in the world of the rulers," writes Mlynar. "Inside the power structure I saw how lamentably little real understanding there was of the actual aims and significance of the reform; how the skirmishes and fighting over positions of power dominated; and how easily these skirmishes eclipsed the real problems of the society's future."

Mlynar provides an excellent anatomy of this power structure. Central committee secretaries were more important than ministers but less important than people who played cards with President Antonin Novotny, and all of them obeyed certain obscure officials of the party apparatus, of whom it was known that they had a direct line to Moscow. Dubcek and his friends were no romantic idealists; they made their way to the top through the party machine, and lived inside it. Indeed, if Mlynar is to be believed, they saw nothing but the party machine. This, as well as the author's need to confess and justify his behaviour in the Stalinist period and during the Prague spring, would explain why the book hardly touches on the real causes and the major problems of the Czech reform movement.

The Czech reform movement developed within the communist party but it fed on more than the guilt feelings of the apparatchiks and on the consciences suddenly awakened after Khrushchev criticised in 1956 the lawlessness and paranoia cruelty of the regime established by Stalin and his associates in their empire. The system of central planning which was given quite a bit of credit by the Czechs when it was introduced in 1947, the communist economists trained at Balliol College in Oxford had lost all credibility by 1956, and the reality of an economy steered in the interests of a foreign power was driven home when Chinese orders, accepted

at Soviet behest, and cancelled after the Soviet rift with China led to a standstill in many branches of the Czechoslovak industry in 1962. The gap was filled by orders never to be paid; the re-arming of Egypt, the equipping of Soviet Union's African friends, and above all an endless stream of consumer goods and industrial equipment to the Soviet Union.

By 1967 it was no longer a secret that the monies credited for these supplies to the clearing account in Moscow were periodically written off. By that time the Czech heavy engineering works were reluctant to promise more steel works and a giant plant for concentrating iron ore which Moscow wanted. They had exhausted their hard currency funds and were unable to buy in the UK and West Germany the computers and specialised machinery which the Soviets ordered but which they were not willing to pay for. The Czechs realised that their industry cannot survive without a certain measure of economic independence and this was the freedom of the press. However, nowhere in Mlynar's book can one read that, in addition to the political declaration which Dubcek had to sign when a prisoner in the Kremlin, he also had to undertake to build in the Soviet Union the disputed iron ore concentrating plant and to supply additional thousands of Tatra lorries.

Mlynar's conjectures about the strife between the Brezhnev faction and the Soviet marshals, and how this influenced Soviet policy are highly plausible. He also gives a very convincing picture of the historical fear of China which possessed the older generation of Soviet marshals, but which, in my view, is part of the mental make-up of most Russians in all walks of life, young or old. What he does not make clear, however, is that long before the emergence of Dubcek, Soviet marshals, anticipating détente with the West, were obsessed with the desire to push their armies as far west as possible before the negotiation of a new treaty started. Czechoslovakia was the only vassal country with no Soviet army on its soil, and one of the reasons why the Stalinist President Novotny was so easily dropped was that he resisted Soviet demands for stationing of their units on West German border. The Prague spring was a welcome opportunity for achieving this end.

Anyone who knew about the events only from Mlynar's book would not realise that the main preoccupation of the Czech

reformists from March 1968 onwards were efforts to prevent the Warsaw pact military exercises in Czechoslovakia. They succeeded in putting them off at the Leipzig meeting in April. In May the Czechs mustered up the courage of staging their own military exercises in Slovakia at a time when the Soviet forces were massing on the other side of her Polish border. When they finally gave up and "allowed" these exercises to take place in June they knew that only a miracle could save them.

Mlynar explains why Brezhnev could display such indifference about the successor of Novotny in 1968. He knew that the new Politbureau would include at least two of his agents; men who, to everyone's surprise, became ardent reformists after Brezhnev's arrival in Prague, and helped to topple Novotny. But the Soviets had even more powerful allies than that in the men they set out to crush. With the exception of Smrkovsky, the Chairman of the National Assembly, who was ill and old, none of the boys were trained for statecraft. They were party bureaucrats, and their only experience of life was in totalitarian systems, whether Nazi or Communist. The moderates among them could be easily manipulated into doing their worst by a threat that if they did not, hardliners would be put in their place; the ambitious had the excuse that their advancement would bring to the nation benefits.

In the early 60's Rudolph Barak, then Minister of Interior, was suspected by Novotny of planning a putsch to remove the Stalinist leadership at a time when most Czech political prisoners were still incarcerated. Novotny had him arrested and accused of embezzlement. Mlynar presented these accusations to party meetings as if they were true: "It was quite embarrassing," he writes, "I knew the whole thing had a political basis..." For the most part insincerely, I also engaged in a number of polemics against Yugoslav revisionism. To deviate from this (critique of revisionism) would necessarily have meant losing all the ground I had gained over the years, losing the opportunity to struggle for the reform of party policies from inside... After all I had written my dissertation in 1959 on Machiavelli, and I knew...

that a successful politician cannot always base his decisions on the principles of individual human morality...

Hinde
sightBY RACHEL
BILLINGTONMr. Nicholas
by Thomas Hinde
Macmillan £8.95, 269 pages.Sir Henry and Sons.
A Memoir
by Thomas Hinde
Macmillan £8.95, 173 pagesDaymare
by Thomas Hinde
Macmillan £8.95, 243 pages

The presentation of character in a novel varies from a take it or leave it physical description accompanying vigorous action and dialogue to the deepest, possible analysis of every layer of consciousness. The former method is generally favoured by a lot of bad writers and some very good ones—Hemingway, Muriel Spark, etc. The latter is most often used by the consciously intelligent writer who has a real gift for exploring character and can't resist mapping every nook and cranny. Sometimes this can be rewarding. Sometimes it can clog up a novel to the extent that it becomes unreadable.

This is relevant to the writing of Thomas Hinde who has three books out simultaneously. The first, Mr. Nicholas, is a reprint of a novel written in 1952. It concerns the relationship between an Oxford student and his family, with the dominant father being the dominant character. The second, Sir Henry and Sons is a memoir of Thomas Hinde's relationship with his own father, Mr. Nicholas unmasked as Sir Henry Chitty Bt. The third is Daymare, a novel about a village which is threatened by the disintegration of society both from within and without. (In the end "without" proves the nastier.)

Mr. Nicholas is a wonderful novel, full of passion but written subtly with humour, sympathy and restraint. Father, mother and three sons are locked in a terrifying family dance. We care that they should survive. The insights we are given into their characters arise naturally and never overweight the story or the prose. Mr. Nicholas himself is a brilliant portrayal of a fascinating monster.

One turns therefore with interest to Sir Henry and Sons. Where is the reality? Unsurprisingly, being reality, it is less



Thomas Hinde: 28 years later

vivid, less shapely and filled with the kind of details of the past which, according to mood can seem utterly trivial or a meticulous evocation of a past era. Thomas Hinde, the son clearly feels more affection for his father than Thomas Hinde, the writer. Or perhaps time has softened the despot's image. At any rate this takes out some of the vitality of misery, hatred and love. Possibly the realisation of this caused Mr. Hinde to centre the book on his father yet write in some depth about himself. The spotlight becomes his when he reaches Winchester.

It is at Winchester that he first identified his gifts as a writer. "Because we live in such a close-packed society, we are of constant interest to each other. Everything anyone does or says is noticed and discussed. Characters are continually analysed. It is an activity in which I discover unusual confidence."

It is this "confidence" which in the third book, Daymare, eventually—28 years after the successful Mr. Nicholas—caused his downfall. The novel is crammed with characters, a whole village of them, all with their peculiarities, all understood from the inside by Mr. Hinde. And then turned inside out for us. The smallest appearance, a mere walk-on part, is accompanied by such a load of analysis that he is sunk before he says a line or takes a step. On occasions, for a few pages, it will seem richness, even marvellously good writing, and then again it becomes too much. The narrative thread, never very strong, relying on a vague sense of menace to keep us reading, knots up once too often. Why carry on? It is a pity. The end when it comes is powerful; the image of our society cathartically bitter.

Fun among the faculty

BY ISOBEL MURRAY

Unholy Loves
by Joyce Carol Oates. Victor
Gollancz. £8.95, 335 pages.Clear Light of Day
by Anita Desai. Heinemann.
£8.50, 183 pagesLove, etc.
by Bel Kaufman. Allen Lane.
£5.50, 448 pagesSecond Sight
by Sally Emerson. Michael
Joseph. £6.50, 240 pagesDepartures
by Jane Bernstein. Allen Lane.
£5.95, 288 pages

Joyce Carol Oates is a distinguished academic in the United States, as well as a fine novelist. So when she produces a novel set in a university, we expect something more than the modish campus novel, and in *Unholy Loves* we are not disappointed.

The plot concerns the arrival at Woodlee University of Albert St. Dennis, said to be the greatest living English poet. He is to be poet in residence, to

add prestige to the University. We also become aware that a number of people intend to manipulate his presence to forward their own academic, political or social progress. The poet is an old man, not yet accustomed to the death of his wife, going to Woodlee primarily from financial necessity. And he is nervous, lonely and unhappy, appearing ostentatiously boring and most of all drunk. But he is not the centre of the novel.

Joyce Carol Oates has structured her novel unconventionally, in the flow and eddy of a series of faculty parties, and its success partly depends on her unusual ability to convey social occasions, with all their tensions, nuances and embarrassments. It also depends on the expertise with which she opens to us the consciousness of many of the characters, with a rich breadth of sympathy.

Brigit Stott, 38-year-old novelist in the English department, is the nearest to a central character; and her surprising love affair with the gifted young musician she has disliked (and believed homosexual) is un-

wittingly triggered by the ageing poet. But the strength of the novel is in the range of characters we are made to feel for; the older academics whose sociability and generosity mask a relentless ambition, the lecturer dying slowly in a wheelchair and talking loudly, endlessly about it, the beautiful young wife of a new lecturer who gradually learns how to reverse her husband's termination of contract, the faded enfant terrible who still believes he shocks his students. A remarkably accomplished book.

Anita Desai, in *Clear Light of Day*, also attempts an unusual structure, which the reader hardly becomes aware of until the end. Her novel is about an Indian family of four, especially around 1947 and at the present. But it is organised in unobtrusive shifts of perspective, beginning with the return "home" of Tara, wife of a successful diplomat, and her guilty reaction to her sister Bim, who has stayed in Old Delhi to teach, and to care for their serene, retarded brother Baba.

The movement is from present to past, to a gradually deepening understanding of both Bim and Tara raised in a world of brother Raju, in childhood almost her other self. Baba is the only wholly happy member of the family; his happiness is in an ancient gramophone and a pile of scratchy records, which satisfy him completely.

The sisters have to come to terms with old times, emotions, fears. Tara raised herself with a reproach, for having deserted Bim, once as a child set on by a swarm of bees, but more seriously as an adult, leaving her with an idiot brother, a dying aunt and a family business to care for. And Bim has to make an inner peace, especially with Raju.

The interweaving of past and present in the novel is underlined by frequent quotation from T. S. Eliot, and its shape is not unlike the musical arrangement of *Four Quartets*. A most impressive, vivid novel.

Bel Kaufman's *Love, etc.* is considerably the longest of these novels, but it makes compulsive reading. Again, it is a novel written in any of the simple traditional ways, but put together out of exchanged letters, diary entries, notes and passages of a novel. Jessica is 57, divorced some 12 years ago, and entering into

an impossibly beautiful love affair with the mysterious, romantic, impossibly adoring Max. She writes of Max in her diaries, and to her successful former student Nina, now a famous novelist. She is writing a novel about divorce, which brings back her own past pain and affects her present romantic turmoil. Isabel and Edgar, the couple in her novel, help her to understand some things—and sometimes rebel against her manipulation of their lives.

The apparently artless form of the novel allows for all sorts of effects: the juxtaposing of similar or contrasting scenes, the gradual defensiveness Jess develops over Max, so that she writes less and less to Nina, more desperately to herself. Essentially this is a sensitive and good-humoured novel, exploring the paradoxical relations of art and life in a positive and interesting way.

Sally Emerson's first novel *Second Sight* is an ambitious attempt to portray an unusual 15-year-old girl. Jennifer has a strange, almost psychic quality, and she lives in vivid imaginings of Shelley and of Aphra Behn, about whom her father has written a book. She loves her father, and is repelled by her mother's blatant sexuality and promiscuity.

At the same time, the novel concerns a murder trial which father is to write about, and the characters of that drama. Jennifer's mother takes a young lover, Paul, who seems attracted to Jennifer also, and to be somehow involved in the murder case. Will Jennifer press her plans for a seance, to impress her father with her powers, or will she accept her physical responsiveness to Paul? Disappointingly, the question is only partly answered, but the novel is strong, individual and full of promise.

Departures is another first novel, set in New York. Lydia is a postgraduate student of entomology, who runs every day: Kramer is a would-be filmmaker who plays basketball. Even before they fall in love Kramer is intending to go West, Lydia to stay put.

After Kramer leaves, Lydia stays behind. But she has to remake her life. The bulk of the novel is concerned to chronicle that gradual process, through old and new relationships, with honesty and candour.

Mrs. Browning

Mrs. Browning, the story of
Elizabeth Barrettby Rosalie Mander, Weidenfeld
and Nicolson, £7.95, 162 pages

Rosalie Mander's new biography, is subtitled, "The Story of Elizabeth Barrett"; it would have been wise to have added the codicil, "and friends," for it is crammed with anecdotes and vignettes of her fellow Victorians. Whilst this serves to give us a detailed description of the milieu which she inhabited, in a biography of only 162 pages, it means that the amount of detail on EBB herself, must be somewhat curtailed.

Disappointingly, it is the emotional and psychological

aspects of her life which are only fleetingly touched upon. There is little deep discussion of the nature of her illness, her relationship with her tyrannous papa, or the exalted love she had for Browning. As she believed strongly in the development of an inner life—the concept permeates her poems and sustained her through the long years of outward subjection at Wimpole Street—it leaves the definition of her character shadowy and vague.

Rosalie Mander does draw attention to her talent for satire of contemporary life, she chronicles her relationship with Georges Sand, her belief in spiritualism and her political involvements with Italy.

VALERY MCCONNELL

THE FINANCIAL TIMES 1980
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* April 18
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HOW TO SPEND IT

by Lucia van der Post

City slickers

IT SEEMS exceedingly ironic timing that just as the headlines on unemployment and the recession grow daily more depressing, so more and more shops are aiming to sell yet more expensive clothes to women. The answer, of course, is that although women are not exempt from the effects of dwindling pay packets and falling profits, there is one section of the market that has, until now, been grossly overlooked—and that is clothes for the working woman.

Traditionally, fashion in England in the upper price brackets has flourished in the field of evening wear—clothes for the woman who spent much of her day in domestic pursuits and came into her own at night when her husband came home and took her out. Nowadays the numbers of women who go on working after marriage, who perhaps stop for a few years to have their children and then go back again, is increasing all the time. Clothes for this sort of woman is a vastly expanding market.

There are now women who earn the kind of salaries that enable them to buy quite

minute, which is what almost every woman, let alone the working woman, wants.

Klein's clothes are the sort that you can put on and feel you look a million dollars but because there is nothing startling or exaggerated about them you will be able to keep them for years—and at his prices, you will need to. His jackets start at £135, while wool skirts are about £70.

In the meantime, Austin Reed has been quietly testing out its new "Options" department since the middle of August. Traditionally a menswear store Austin Reed began to feel that it had plenty to offer the new working woman, too. To begin with the company had plenty of skills among its tailors and shirt-makers that could be happily adapted to making equally fine but softer tailoring for women. So there are some classic suits for those whose taste runs to it—some fine grey flannel, a lovely brown herringbone tweed—and the whole look has been skilfully put together by Gill Hewitt, the fashion buyer, so that nothing looks too sharp or too masculine.

There are fluid suits and dresses by Dora Reisser, Paul Costelloe's gentle tweeds, some soft suits by Kay Cosserat and the travelling woman executive will find some wonderful buys in a marvellous black silk evening coat which you could pack and take anywhere as well as some lovely padded and sequin-strewn black silk evening jackets.

You could, if you take to the style, buy an entire wardrobe at "Options". There are shirts (I particularly liked the silk ones cut like men's collarless shirts) and soft blouses and a charming collection of knitwear as well as shoes, handbags and other accessories to go with almost everything. Look out, too, for a superb collection of raincoats—some lined, some plain—which I have found to be a much more practical cover-up when travelling than a wool coat, even in winter.

"Options" hopes to do more than just sell clothes—it wants to offer a complete service to the busy woman. The staff will advise, make an advance selection on request, alterations will be done fast, and wardrobes planned. Prices seem to me what you would expect—not outrageously high but the sort you would expect to have to pay for good quality material, workmanship and service.

For the moment "Options" is only at Austin Reed in Regent Street, London W1, but for women all round the country who want clothes of this sort a name to look out for is Planet. Planet is a subsidiary of the Windmoor group and though it is only just over a year old,



Burberrys has for a long time been one of the traditional hunting grounds for beautifully-made, classic clothes that could always be relied upon to look good. There used to be two main drawbacks for some of us—one was the high prices and the other was that though the clothes were of exquisite quality they were often, dare I say it, on the dull side. However, now that the prices of everything are so high Burberrys are only a little more but are designed to outlast trendier rivals and so may well prove to be the better buy. As to the dullness—fashions have changed and at the same time Burberrys has produced some softer versions of its classic styles. Photographed above is an eminently useful and pretty suit in blue and brown flecked tweed. The jacket is the new shorter length while the skirt is comfortable to wear, having large pleats back and front. £222 from Burberrys, 18 The Haymarket, London SW1 and 165 Regent Street, London W1.

It has already doubled the number of shops-within-shops selling its wares.

Judy French, an energetic blonde, is the woman behind it and she designs the sort of clothes she needs and likes to wear herself. She thinks the hardworking, busy woman wants clothes that are not cheap, that are well-made and fashionable without being so startling that she feels out of place. She needs skirts that are comfortable and won't crease (all skirt fabrics

are tested on real users before the fabric is even ordered) and she wants clothes that will always look right and never date.

Those who like the Planet look will find that they can build up an entire wardrobe round a colour group—choosing jackets, skirts, trousers, shirts, all of which will work together. Many Debenhams stores have a Planet shop, as do shops like Dingles of Plymouth and Bournehead, Frasers of Glasgow and Selfridges in London.



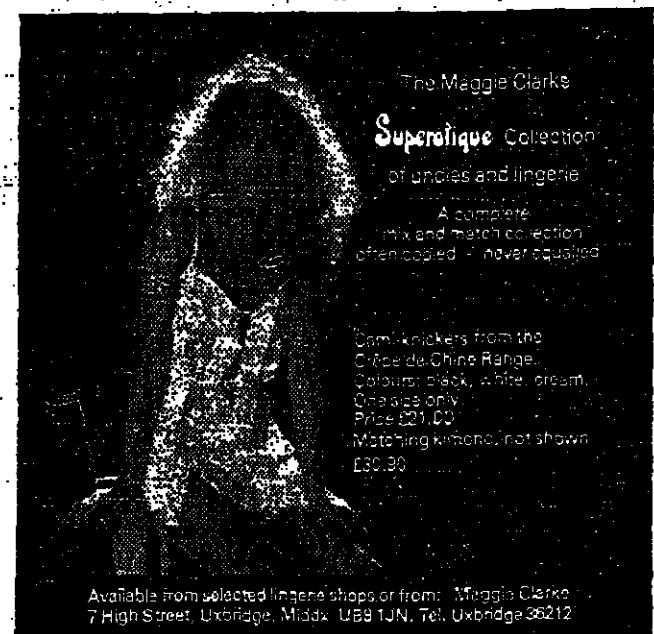
Centre picture Trevor Humphries

Above left: From the Planet collection is this skirt and jacket which looks cool and collected for the office but doesn't look too severe when partnered with either a soft blouse or a lace-sweater, as in this photograph. The skirt is made from 100 per cent pure wool, is lined and has inverted pleats both at the back and the front. In rose, slate, heather or sage, sizes 8 to 16.

the skirt is £26.95. The matching jacket is made from the same fabric in the same colours and sizes and costs £49.95. The Planet collection is sold through Planet shops-within-shops—there are now 51 such shops and the number will be increasing shortly to 63—in shops like the Debenhams group, Selfridges, Frasers of Glasgow, Dingles of Bournehead and Plymouth.

Above centre: one of the designers who Gill Hewitt has chosen to feature in the "Options" Department at Austin Reed is Paul Costelloe. For this winter he has a marvellously useful (and attractive) tweed skirt and matching loosely-fitted coat. The tweed is in grey wine and blue and to go with it Paul Costelloe offers lots of alternatives—the model is wearing a soft white Virella shirt (£17.95), maroon sleeveless sweater (£42) and maroon cravat (£7.95). Both coat and skirt are of 100 per cent wool. The skirt is available in sizes 8 to 14 and is £52, while the

coat is £150. Above right: Three-quarter length coats, are exceedingly useful for those women who drive to work, and the Planet collection includes a selection of them in different colours, including rose, slate, heather, sage and black. In polyester/wool mix, the jacket is £59.95, sizes 8 to 14. Worn under it is a cowl-necked lambswool sweaterdress in three colourways—rose with a blue and green stripe, heather with a green and rose stripe or slate blue with a heather and green stripe. From Planet shops-within-shops.



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Wellie special

MOST OF us have at some time or another bought high-fashion boots and discovered the miserable way that not only are they not waterproof but that they also quickly lose that pristine glossy look when exposed to much mud or rain. The cry from the retailers that of course, the boots weren't designed to keep out wet has never seemed to me reasonable but it's one they seem to get away with.

This still leaves one with the problem of what to wear when it rains that isn't an old-fashioned wellie. Rigo of Italy has produced a whole range of

completely waterproof boots which are much more compatible with reasonably smart clothes than the ordinary wellies. Firstly the Rigo range has heels—there are some four different styles on offer and the height of heel varies from 1½ inches to 3 inches. Rigo also offers a good colour selection—black, grey, Bordeaux, dark brown or tobacco. Prices are extremely good, starting at £7.99 and going up to £11.99.

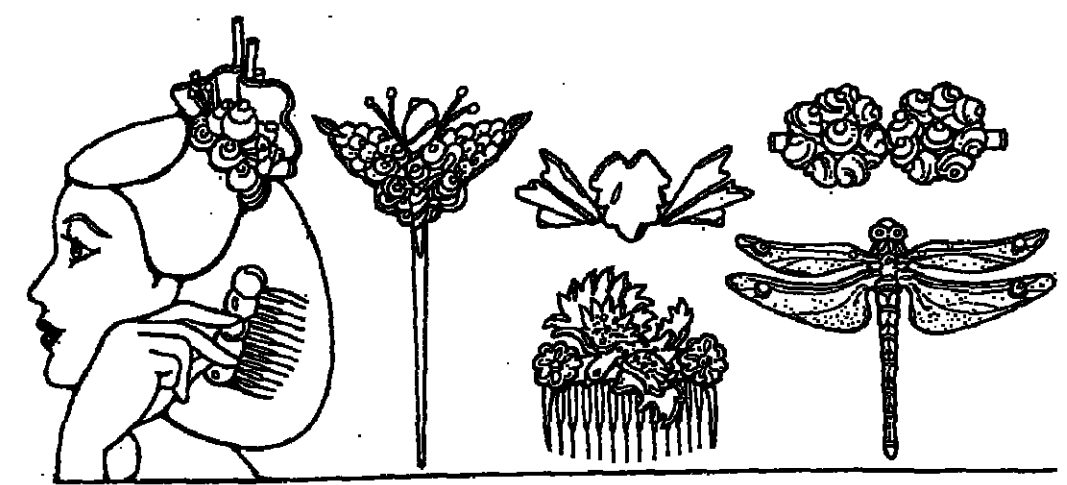
Many independent footwear retailers stock the range but in addition they are now going into most branches of Dolcis and Saxone.

Getting to grips with your hair

ALMOST NEVER has there been such incentive to grow one's hair. The shops are full of enchanting hair ornaments that seem to cry out for thick, tumbling locks. However, even those of us whose hair is less than our crowning glory will find that these ornaments are so decorative that they will want to find some way of using them.

The selection sketched here has come from two London shops only but both shops have offered to post any of them for an extra £1 per comb or slide. Both shops have a large selection so even if they no longer have a specific slide there will be lots to choose from.

L'Artisan Parfumeur is at 194-196 Walton Street, London, SW3, and Molton Brown is at



Anne Morrow

58 South Molton Street, W1.

From left to right: the top comb is an exotic combination of shells and ribbon, primarily in yellow, £11 from L'Artisan Parfumeur. The comb being held in the hand is a bright, multi-coloured button comb, £3.25 from Molton Brown.

Next is another large exotic ornament from L'Artisan Parfumeur. Shaped like a butterfly, it is made from pearly pink shells and has a tortoiseshell stick—perfect for chignons, £12.

The small pink bow is one of a huge selection of bow slides at Molton Brown and costs £2.50. Below it is a very elaborate combination of translucent blue plastic and (take

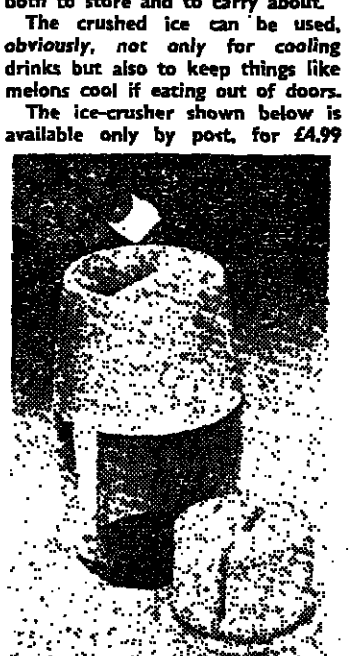
diamonds, £12.50 from L'Artisan Parfumeur.

Finally, the two clusters of pastel shells form a slide, £3 from Molton Brown. Below it is an iridescent dragonfly, with a gold body and wings gently coloured in glistening pink, pale green and gold, tipped with pearls, £8 from L'Artisan Parfumeur.

Postscript

AS WE at last seem to be having what most people might recognise as a summer and as the taste for American-style crushed ice seems to be growing apace, it is worth knowing of a simple little gadget which is both ice-bucket and ice-crusher. Made of smoked brown acrylic, the ice is put into the top section and at the turn of the handle falls into the ice-bucket section below. It needs no batteries or electricity and is small and light both to store and to carry about.

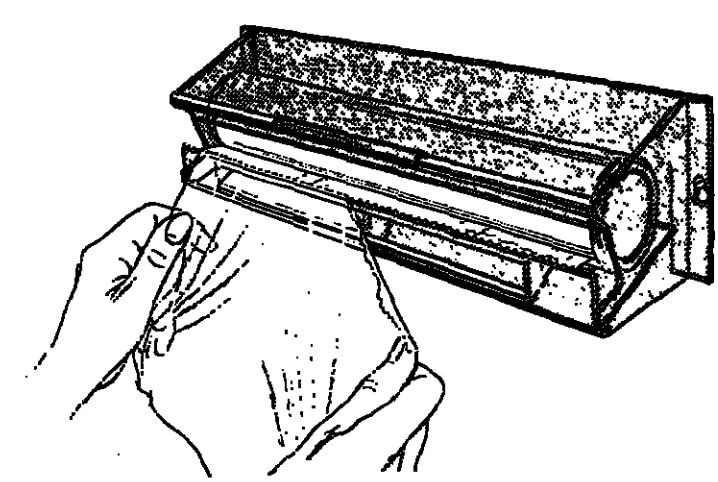
The crushed ice can be used, obviously, not only for cooling drinks but also to keep things like melons cool if eating out of doors. The ice-crusher shown below is available only by post, for £4.99



plus £1 to cover postage and packing from Postmark, Postmark House, Cross Lane, London N8.

It is surprising how many modern developments one appeared to live quite happily without until they arrived on the market at which point they quickly seem to become indispensable—certainly cling-film seems to have become an immutable part of the kitchen scene in my home and how to dispense it without the film clinging to itself before it is arranged to cling around the container is something of a problem. Woolworth has been putting its mind to the very same problem and has come up with what it calls a "Dispensoroll" which is not the most beautiful piece of kitchen equipment I have come across but is certainly useful—and cheap. It is made of translucent brown plastic, can be mounted on a wall or inside a kitchen unit door (two screws will need to be bought). Like most dispensers it has a cutting edge for ripping off the paper and it can be easily reloaded. For £1.99 from all Woolworth and Woolco branches get the dispenser and 15 metres of film.

Most freezer owners stop at some time or other to consider just what it would mean to



them if anything went wrong with their freezer—it hasn't happened to me yet but I sometimes have nightmares about what I would do if it did. It isn't just the cost of all the food but all the hours of work that would be wasted. Nothing can protect you from the wasted work but a good insurance policy can protect you from the financial loss, so anybody who hasn't yet insured their freezer might like to know about the Freezerguard Insurance Service.

Basically four different insurance plans are offered which cover a variety of risks. For instance, for £3.50 annually the

scheme offers to cover risks of loss, damage or deterioration of food from any cause including fires, unintentional disconnection, explosion, fire and accidental failure of the electricity supply excluding deliberate withdrawal by the Electricity Board. Each of the other three schemes becomes progressively more expensive but offers of course, more cover. The top-most scheme costs £8 a year and covers in addition to all the other risks, sudden breakdown repair costs up to £250. The insurance is available from Ernest Linsell, 1-19, New Oxford Street, London, W1C1.

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Saturday September 6 1980

The City gets cynical

THE ODDEST event of the week has been the rise in the gilts market. Early in the week rumours of a cut in minimum lending rate started in the foreign exchange market; they were strong enough to knock nearly half a point off the weighted average of sterling for a time. The gilts market rose, and did not fall back. Yesterday the Government broker finally activated the official tap stock by dropping the price more than four points; the market rose again. This time the rumours were openly cynical: MLR would be cut in time for the Tory conference.

Unpleasant

The rumours need not be taken seriously; a market will always tend to rationalise its own price movements. What is quite serious is the underlying thought behind what remains a remarkable change in behaviour. A few weeks ago, when it emerged that the money supply had been growing rapidly under the suppressing disguise of the banking corset, the market reacted with a sharp fall. It was expected that something unpleasant would have to be done to reassert control.

Subsequent events did nothing to spread cheerfulness. Guesses of the August money supply figures became increasingly horrific. Interest rates in the U.S. took on a clear upward trend. The market continued to react as might be expected from such developments, and drifted sullenly downwards.

Now, however, there is a change of mood. It has been produced by three factors: an interval for reflection, a steady flow of grim news from the real economy, and the absence of any new issues of Government stock. The broad conclusion now is that whatever is due to happen next, it will not follow the conventional pattern. The economy is too weak to take a further rise in interest rates, and in any case, the figures for July and the rumoured figures for August suggest that the traditional methods do not work in present circumstances.

The evidence from the economy is only too clear. Closure follows closure, the figures for industrial liquidity portray a squeeze on manufacturing cash flow without any precedent, and the profit figures show that even strong innovative companies like ICI, and apparently sheltered industries such as food processing, are caught in the vice.

Large buyers

The financial figures are somewhat harder to interpret, but contain more than adequate texts for those who want to question existing policies. The balance of payments figures are

combed for evidence of large foreign buying of gilts—and at last the evidence has appeared, more than a year after the first reports of large buyers with sand on their boots.

Bank analysts talk learnedly of the portfolio balance of bank investments, and conclude that one reason for recent explosive monetary growth is that the banks are seeking deposits to rebuild their holdings of long-term securities, run down during the corset regime. The constant efforts by the authorities to hold down money-market interest rates are analysed to show that Government funding in the capital markets has now passed the point of no return, where every success in extracting money has to be offset by moves to put it back.

Conclusions drawn from all this vary widely. Some brokers are advising their clients, in effect, that monetarism has been a mistake from the start. The money supply figures tell us what has been happening in the past, as inflation and shrinking markets have driven companies to heavy borrowing. The slower rise now expected in wages and commodity prices will produce slower monetary growth, due course, because inflation is being throttled by an old-fashioned slump.

Others argue, more moderately, that it is simply the current insidiousness of monetarism, reflecting post-corset distortions, and a temporary bulge in both Government and private borrowing. In due course the borrowing of the public sector will be seen to be not too far off target, and private-sector borrowing will relapse as effort to reduce stocks finally succeeds, as happened in the U.S. The end message is the same: the figures will come right quite soon if we are patient.

Finally, the technical critics argue that there is indeed a problem of monetary control, but that it can only be solved by new approach. The Government's present advisers have had their own credit severely dented by recent events, so innovations will now be possible, according to the commentator's taste. Again, the answers do not involve a renewal of the traditional squeeze.

Whatever the technical explanation, the market's general feeling about the situation is probably right: the Government's existing policy has produced sufficient pain in the real economy to satisfy the most determined disciplinarian, and the thrust of policy will now change. Whether this involves new methods of Government finance, a carefully concealed U-turn, or simply a short wait before the money figures confirm the Government's victory over credit-fed inflation, remains to be seen.

AN enormous sneeze by Saudi Arabia is still capable of infecting the whole world with pneumonia. The country's leadership never boasts about the virulent potential that it derives from possession of one-third or more of global oil reserves and a similar proportion of the production capacity of the Organisation of Petroleum Exporting Countries.

However, as Sheikh Ahmed Zaki Yamani casually pointed out recently: "We can immediately reduce our production to 5m barrels a day and keep that oil in the ground and raise our prices to, let us say, \$50-\$60 a barrel."

Thus, any Saudi decision on production, like the cut now in prospect for the last quarter, is a significant development. Wielding a power almost grossly disproportionate to the vulnerability of the country and the paucity of its population, the kingdom can decree whether there is a surplus or a shortage of oil on the world market.

The latest shift in policy illustrates Saudi Arabia's deliberate pursuit of a strategy aimed at two related but conflicting objectives—a halt to the escalation in prices in the 18 months up until July, when average official selling rates rose two and a half times, and the realignment of OPEC rates under a rational system.

The realignment of rates—a \$32-per-barrel reference price seems most likely—is a precondition for the permanent indexation of oil prices which OPEC is now considering. It will be discussed further at a special conference which starts in Vienna on September 15. If agreed, it would have profound implications for the industrialised world because it would mean a new situation in which

oil prices rose automatically—at least with a degree of predictability—in line with indexes covering inflation, currency fluctuations and the growth of industrialised countries.

The strategy report to be considered by the conference also suggests that it should be possible to "administer" prices by adjusting output. Moreover, the Saudis are now closer to agreeing to the idea of production control than at any time in the past. Indeed, the indications are that they will participate in a co-ordinated OPEC programme if all the other members agree to abide by a relatively moderate, automatic pricing mechanism.

The balance between oil supply and demand is a very fine one, a fact in no way disguised by a temporary "glut" this summer, tumbling prices on the marginal spot market, and the shaving of a few pence from

a gallon of petrol. The build-up of stocks on the market to a volume calculated at 55m barrels has very much been Saudi Arabia's doing.

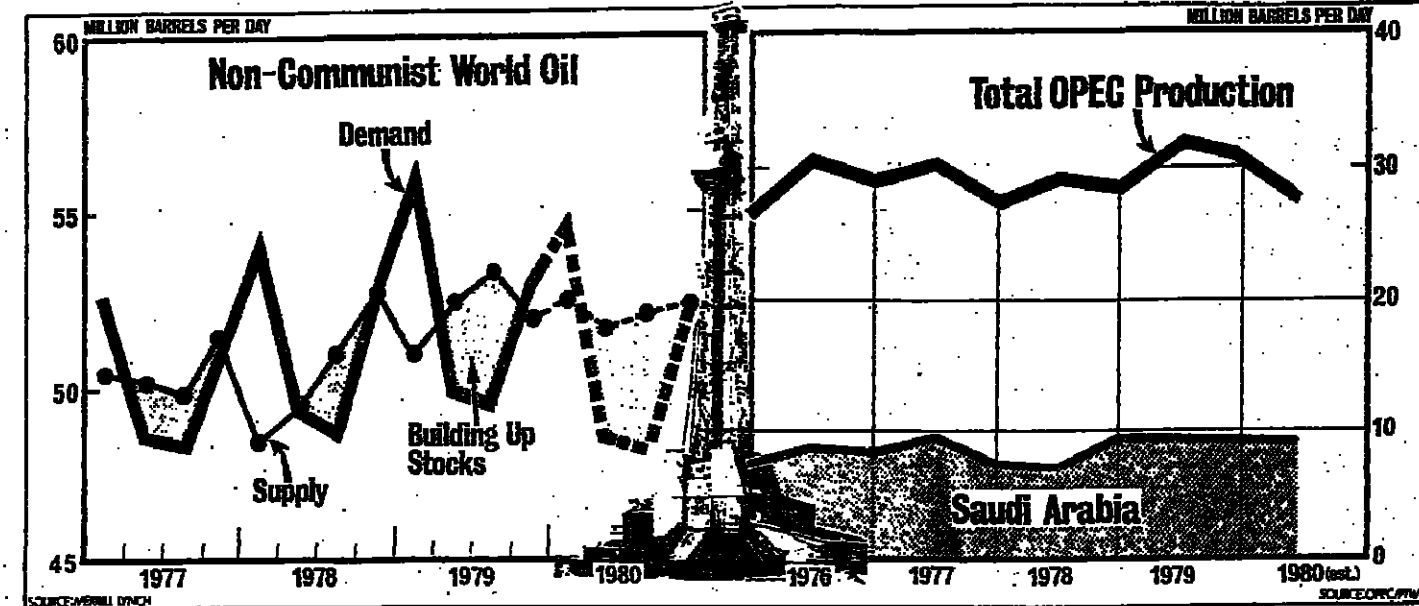
First, it raised its upper limit for production from 8.5m b/d, which remains the "official ceiling," following the cut-off of shipments from Iran in the autumn of 1978 and the drastic shortfall following the overthrow of the Shah. Until now it has maintained the higher rate.

Second, the kingdom has consistently set lower prices since other members of OPEC began in February 1979 to raise their rates in a disorderly scramble. There was only a brief respite from this leapfrogging in the third quarter of last year, and there has been another lull over the past two months following the OPEC conference in Algiers when members edged towards compromise on price reunification.

Saudi moderation on the oil pricing front since the three-fold rise in the last quarter of 1978 is a fact of life, though one all too easily taken for granted. It is still based on a genuine concern about the world's economic well-being and the kingdom's own interdependence on the West, not the least considerations about its own security.

In the 1974-77 period, however, Saudi Arabia suffered grave strains as a result of its policy of restraint, which aroused the hostility of Arab members of OPEC and Iran, especially in the first half of 1977 when Saudi Arabia and the United Arab Emirates set a lower price than other members. The subsequent 18-month freeze was made possible through a tacit understanding with Iran as much as by market conditions.

Currently, Saudi Arabia



prices drastically are now probably greater than ever. At home the influential voices of several ministers have argued against producing substantially more oil than required for expenditure needs. They have grown stronger with the general trend towards conservation within OPEC and the regime's recognition of the desirable limits to rapid development for political and social reasons.

The leadership is as sensitive as in 1973 to charges of Saudi Arabia being too amenable to the West and particularly the U.S. which has failed and shown a lack of will, in Arab eyes, to deliver — or more precisely exact from Israel — a peace settlement in the Middle East involving withdrawal from occupied territories and establishment of a Palestinian territorial entity.

In this context Crown Prince Fahd's statement three weeks ago could be seen as ominously significant. Dismissing the possibility of peace as an "exercise in fantasy," he called for a closing of Arab ranks — an implicit invitation to Egypt to return to the fold and to end, now Saudi Arabia's close ally, to mend its differences with Syria — and asked whether the time had not come for the launching of a "holy war."

Now, as in 1973, Saudi Arabia is anxious to keep oil separate from politics. Yet the Palestinians will be the first to see Crown Prince Fahd's stern commitment. Pressure on Saudi Arabia to use force in the Arab cause seems bound to grow. At the very least its own will to temper OPEC militancy can only be reduced by the Middle East deadlock.

Richard Johns

and how it affects the majors

IT WAS one of the greatest commercial coups in the history of the oil industry. In August 1933 King Ibn Saud, the warrior ruler from the desert who had ruled Saudi Arabia into a unified state, granted Standard Oil of California (Socal) an exclusive, 60-year concession to look for oil.

Thus began Aramco, the Arabian American Oil Company, which was to grow into the world's largest oil producing company, exert a major influence on U.S. relations with the Middle East and provide a vital flow of crude to its four eventual American partners — Socal, Texaco, Exxon and Mobil.

An era in the company's history — and that of the oil industry generally — came to an end this week with the disclosure that the Saudi Government has finally acquired 100 per cent of Aramco's shares from the four U.S. companies. A final instalment of the estimated \$1.5bn compensation due to the majors for their remaining 40 per cent stake was paid last spring.

The development is no surprise, since the Saudi Government and the Aramco partners agreed in principle as long ago as 1974 on an eventual 100 per cent Saudi takeover.

But the takeover underlines afresh the dramatic erosion of the once dominant position of the major international oil companies over the past 10 years in states belonging to the Organisation of Petroleum Exporting Countries.

One of the most important questions facing the industry over the coming decade is the extent to which OPEC will further reduce the power of the majors — Exxon, Royal Dutch/Shell, Gulf, Mobil, Socal, Texaco and BP.

During the past 10 years their concessions in the OPEC states have either been nationalised outright or partially taken over by the state. The result has been that whereas the majors owned 61 per cent of the non-communist world's crude in 1970, with 33 per cent belonging to other private companies and just 6 per cent to producer governments, by 1979 the majors' share was down to 25 per cent, while governments' ownership was up to 55 per cent.

The supply scare which followed the 1973-79 Iranian revolution enabled the OPEC states to cut their dependence on the majors as buyers, turning instead to smaller companies or selling directly to the

agents of other states in so-called "government to government" deals.

Shell estimates that since the Iranian revolution up to 3m b/d of oil — equivalent to more than 15 per cent of the major's pre-revolution purchases from OPEC members — has been switched away from the large companies.

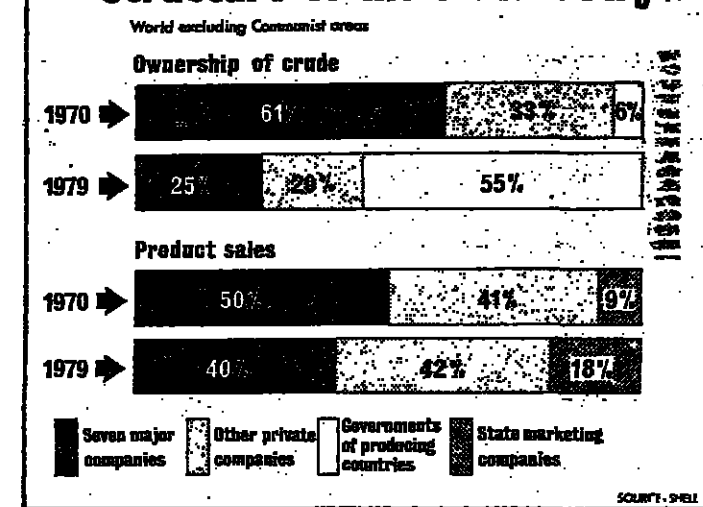
The majors have had, in their turn, sharply to curtail their sales to third-party customers and some, notably BP, have been forced into the volatile spot market to meet their crude requirements.

The Western companies complain that this new OPEC shift is bad not only for them, but for the operations of the oil market generally — making it less easy for the world to adjust to fluctuating supply and demand and thereby exerting an upward pressure on prices.

Flexibility upstream — in oil production — has been replaced by a need for flexibility downstream, in increased storage of crude and oil products, making for higher capital costs.

The current oil glut is not likely to allow the majors to recoup much of the ground they have lost. The oil supply position remains so uncertain that all purchasers are reluctant to prejudice their supply contracts with the producer countries.

Structure of the Oil Industry



Petromin's direct crude oil sales, much of it in government-to-government deals, have risen from 550,000 b/d in 1978 to 1.4m b/d now and it is lifting a further 170,000 b/d for processing deals abroad and 700,000 b/d for domestic refining, bringing total sales to more than 2m b/d. With Saudi production currently running at 9.5m b/d, this leaves around 7m b/d for the Aramco partners.

A Saudi decision to reduce production to 8.5m b/d will cut into the majors' take. This will be further reduced by the incentive payments in crude which the Government is offering to new investors in its ambitious refineries and petrochemical projects and by the oil needed as feedstock.

The path taken by Petromin is being trod by every other OPEC national oil company. "The rising star in the world oil market now is the national oil company and most crude buyers will have to look to it, and accept its terms, to obtain future supplies," according to Mr. John Lichtman of the New York-based Petroleum Industry Research Foundation.

Martin Dickson

Letters to the Editor

Reflation

From Mr. R. Musgrave

Sir, Anatole Kaletsky (September 3), I too have long advocated a payroll tax, albeit for different reasons and on somewhat different lines.

As he points out, subsidising land ducks will not influence employment levels "when the country's output is constrained by its supply of labour," that is when unemployment is at or below what monetarists call its natural level. We currently have a monetarist inclined Government which presumably thinks the natural level is somewhere near 2m. If the Government is right, then subsidies for land ducks are futile and for the above mentioned reasons which Mr. Kaletsky himself eloquently sets out.

Alternatively the natural level may be nowhere near 2m. If this is what Mr. Kaletsky is suggesting (and I would agree with him), then reflation is called for, not land duck subsidies. Indeed the latter will not even work except in as far as they constitute additional aggregate expenditure; in other words land duck subsidies are useless in so far as dealing with unemployment goes.

R. S. Musgrave
24, Garden Avenue,
Framwellgate Moor, Durham.

Tax

From Mr. W. Grey

Sir, — Like Dr. Beryl Foyle (September 3), I too have long advocated a payroll tax, albeit for different reasons and on somewhat different lines.

We already have a payroll tax in all but name in the national insurance contributions levied on both employers and workers as well as the self-employed. If we need this tax, as evidently we do (although there are some who, in the present circumstances, would like to see it reduced), two or perhaps even three refinements, apart from the change in nomenclature, might be suggested.

In place of the present flat-rate system, the tax should be varied regionally, so that it is lower in areas of above-average unemployment than in the lucky

ones where the opposite is the case. This seems obvious enough, and should present no insuperable administrative problems. Indeed, in proper hands, such a tax could be a very sensitive as well as sensible instrument in all sorts of ways.

For good measure, however, its basic rate (applicable, of course, to regions of average unemployment, if there are any) could, secondly, also be varied over time inversely with the underlying unemployment rate in the country generally. Again, while this would encourage labour saving at times (as well as in areas) of low unemployment, it would assist the preservation of jobs when (and where) the labour market goes getting difficult.

Though this is bound to be more controversial, the tax could also be varied in direct, not inverse, proportion to the extent that pay rises exceed — or fall short of — a given norm, whether this be the going or expected rate of inflation or increase in nominal gross domestic product or past productivity gains or workers' share in their companies' added value or whatever. Now that really could be something!

W. Grey
12, Arden Road, Finchley, N3.

Energy

From Mr. J. Russell

Sir, — May not the most practical problem of current economic management be that of energy pricing and energy management?

Britain has a high-cost energy policy. Apart from any revenue benefits, this is a realistic response to the long-term availability of energy, but reduces the competitiveness of British industry with those areas where energy pricing is not as responsive to long-term realities, or where investment is cheaply available for energy saving.

Massive Government finance to accelerate investment in energy-efficient production would be uniquely logical in both market and economic terms.

Nightmare

From Mr. J. Urquhart

Sir, — It has been said that the cost of spectacles is high. In fact spectacles have never been cheaper. Correctly prescribed single sight spectacles can be obtained for £7.64 and bifocals for £12.84 and these are quite adequate for most people's needs.

The high cost is not involved until fashion frames are chosen; and when was fashion value for money? Frames designed by international fashion houses are mostly way-out shapes and sizes and so become an optician's nightmare. Extra charges for over-size lenses, eccentric shaping, etc., have to be added to the cost of an already expensive frame. Much more work is involved because no matter the size or shape, centration has to be correct or else the spectacles cannot be worn.

There is no need for anyone to pay these high prices unless

they wish to do so, and do please remember that you cannot legislate for stupidity.

James G. Urquhart,
142, Park Grove,
Barnsley, Yorkshire.

Westerly

From Mr. L. Fenn

Sir, — June Field, in her article on August 30, states that Sennen, in Cornwall is the most southerly village in England.

In fact, there are several villages which are more southerly, including Cadgwith, Coverack, Mullion, and Ruan Minor. I wonder if it could be that she means the most westerly?

L. G. Fenn,
"Pisic Cottage,"
Polharrow Lane, Mullion,
Helston, Cornwall.

Interest

From Mr. P. Nutting

Sir, — The arguments put forward in Mr. J. Maltby's letter (September 1) are equally relevant to money supply. Most bank managers will confirm that the clearing banks have plenty of money to lend if you can afford it. This hardly squares with a tight grip on money supply. Certainly neither a company nor an individual without collateral will find borrowing easy.

In theory the strong will survive and the weak will perish under these circumstances, which should be good for the country in the long run. It is, however, a very blunt instrument and in practice means that the larger companies and bodies like local authorities survive at the expense of the smaller company with less fat or collateral. In addition money is transferred from industry to the financial sector, which seems to be evident at present by the funds available to the banks.

By all means let us reduce public sector expenditure, keep to cash limits and control the supply of money in order to reduce the level of inflation. Could it not be done more satisfactorily with much lower interest rates as a result of the strength of sterling and the balance of payments?

Peter R. Nutting,
North Brocche Manor,
Exchurst, Surrey.

Planning

From Mr. F. Savage

Sir, — Mrs. Thatcher and her other colleagues not in the know might do well to reflect on the activities of the Department of the Environment and county councils in the South-East.

Policy No. 20 of the Bedfordshire structure plan approved by Mr. Heseltine reads as follows: "The local planning authorities will oppose the grant of planning permission for speculative industrial or commercial development which does not meet a specified local need."

The Hertfordshire structure plan policy No. 6 is: "In order to reduce the rate of growth in office employment and so aid the achievement of the aims and policy set out in Policy Number 1 permission for office development will normally be restricted: Oxfordshire policy 'E1' is much the same, but my own county of Buckinghamshire takes the biscuit. Paragraph '118' reads: "Measures will have to be taken to decant people and jobs from south Buckinghamshire to the growth areas beyond the Green Belts."

Of course planners both in the public and in the private sector are grateful for the job opportunities presented by such odd goings-on. Your readers would be staggered to learn how costly planning inquiries can be, but it is clearly necessary to maintain full employment in local and central Government offices.

F. V. Savage,
Savage and Partners,
4, Red Lion Street, Chesham,
Bucks.

Sorting

From Mr. R. Hopkinson-Woolley

Sir, — I have been told that letters posted on the Isle of Wight are to be sent to Ports-

mouth by Hovercraft to be sorted and that letters bearing Isle of Wight addresses will then be returned to the island by Hovercraft. If, as I believe, the amount of "local" mail posted on the island is considerable, the extra expense must be enormous, as a very costly form of transport is being used.

I believe it was decided to sort the island's letters in Portsmouth when two large places some distance to the east and on the coast, declined to have their post sorted there. It would seem that there was insufficient consultation before the plans were made and the new sorting facilities established in Portsmouth. Taking the island's post to Portsmouth to be sorted seems an expensive excuse for a mistaken investment.

R. A. Hopkinson-Woolley,
10, Banbury Road,
Oxford.

Sterling

From Mr. G. Giddy

Sir, — W. J. Houlahan (September 4), suggested imposing negative interest rates on foreign owned sterling deposits and paper in order to ease the upward pressure on the pound. May I suggest that there is a far less exotic way of achieving this and this would be to withdraw the exemption from UK withholding tax currently enjoyed by non resident depositors and purchasers of UK gilts. This exemption, non statutory in the case of the former and statutory in the case of the latter, is a survival of the days when a hard pressed Bank of England was trying to attract and retain sterling deposits and is an anachronism in the present economic climate.

The removal of this exemption, which incidentally is not usually enjoyed by foreign depositors in other countries, would, in addition to its effect on the strength of sterling, be of substantial benefit to the Exchequer.

R. V. Giddy,
The Albany Hotel,
Fordingbridge, Hants.

GOLD

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The yellow metal affects all our lives, whether we like it or not. So what then is its future, as the price seems to be settling around the \$600 level? Is it poised for a further massive advance or will it fall back again?

The Saudis have just called for a "Jihad," a holy war, against Israel. That would be disastrous for the world's oil supplies and would certainly force the price of both oil and gold — the world's refuge at times of tension — far beyond today's level. What too if South Africa's racial problems escalate? If the South African mines could not produce, the price of gold could easily go through the \$1,000 mark, to where many say it is already destined anyway.

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.....

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Electronic genie that upset Hollywood



Loretta Swit (in hat) in a singing picketline outside Walt Disney Studios last month.

THE BEST show in Hollywood is currently running in a hot, sticky clear-sky filled room above a west Hollywood drug store. For the past 15 days, actors and producers have been battling inside the American Motion Picture Association's headquarters under the gaze of a Federal Government mediator to end a 49-day strike that threatens to bring the multi-million dollar Hollywood entertainment business to its knees. So far no settlement seems in sight. Mr. Philip Myers, of Twentieth Century Fox, on Thursday described the outlook as "very bleak." Ms. Kim Feller, of the Screen Actors Guild (SAG), the actors' union, remarked glumly, "we are very stuck." And Ms. Loretta Swit, "Hotlips," the disaster-prone shapeless lady soldier in the popular MASH TV comedy series—said from her Hollywood home on Thursday night "we've made as many concessions as we can."

The dispute is not only about pay. It also involves the implications of the new electronic software that is changing the face of home entertainment. Videocassettes, cable television and videodisks are altering the whole shape of the business, and the people who actually create the programmes that are used on them want a share in the profits. It will doubtless not be long before echoes of this dispute are heard in Europe as well.

Like the rest of the 60,000 American actors on strike, Ms. Swit could still be out of a job for sometime. "It's been quite devastating. Financially and workwise. You see I'm a sort of workaholic." She was playing "Hotlips" when the strike was called at midnight on July 30. "We had almost completed one of the 25 episodes for the new MASH series." She was also to work on another television film last

month. Since the strike began, Ms. Swit has been joining the pickets outside the big Hollywood studios and is now organising the boycott of the Emmy television awards—the TV equivalent of Oscars and Academy Awards and a set piece of contemporary Americana—to be broadcast live throughout the nation tomorrow.

According to the MASH star, the current strike "is a very important period in the life of an artist. It is very crucial." But when it first began it was regarded in the country at large as something of a huge joke. Tourists and autograph hunters flocked to the studio gates to see their favourite actors walking the picket lines.

Demonstrators spread elsewhere and at one in New York famous far marched to the tune of "There's No Business Like Show Business." It made the headlines briefly and featured in cartoons and bar talk.

But as the first round of talks between the industry and the actors broke down and the effects of the dispute started working themselves through the entertainment business, the mood changed.

The strike is now costing Hollywood in lost wages and income from goods and services, between \$50m and \$60m a week. Production has been suspended on 20 feature films and more than 40 prime time television series.

The big studios have been laying off thousands of people. According to one estimate, as many as 40,000 non-actors—including writers, directors, film editors, canteen and bar workers, carpenters, secretaries and teamsters—have either lost their jobs or have been put on part time.

It is causing havoc in the three big national TV networks—ABC, CBS and NBC. They have had to revise all their

plans for the new autumn season at a time when the traditional ratings war between them heats up.

The strike is still solid because the involved fully understand the long term principles at stake. Although the actors' three-year contract is up for renewal and SAG has put in for a 35 per cent increase in minimum wages, the battle involves the far more crucial question of the emergence of a wholly new part of the film and television industry. The actors are demanding a share of the profits of the fast expanding and potentially

highly lucrative market, which is made up of video cassettes and videodisks, pay and cable television.

These new inventions enabled the industry to create new home television outlets which are beginning to challenge the traditional U.S. entertainment industry. The so-called software TV and film business at present accounts for about 5 per cent of the American film industry's annual revenues of some \$3.5bn. By 1985, it is expected to generate on its own annual revenues of as much as \$1bn.

According to Mr. Harold

Vogel, a film industry analyst with Merrill Lynch, the largest securities firm in Wall Street, "an electronic genie has been let out of the bottle." He forecasts: "With the advent of satellite cable networks, the market potential is 17m little home video theatres rather than 17,000 big theatres."

The Hollywood studios, the national networks, and certain big corporations, have not disguised a desire to control the new TV gadgetry. Indeed, a major confrontation is currently developing between the present leader of the new market, Time Inc.'s "Home Box Office" sub-

sidary, the Getty Oil Company and the U.S. Justice Department's Anti-Trust Division. It follows proposals by Getty Oil and four leading Hollywood studios—Columbia Pictures, Universal, Paramount and 20th Century Fox—to set up a national pay television network to try to capture the market.

Nor surprisingly, the actors also want their share. When the strike began, they demanded 12 per cent of the gross revenues from the sales of productions made for pay TV and videocassettes. The producers immediately closed ranks.

In Mr. Vogel's opinion "they had to. It could set an important precedent which would run for the next 25-30 years and you cannot just give away part of the future growth of your business." Moreover, the film companies claimed the actors wanted a slice of the revenues without sharing the production risks.

The actors subsequently scaled down their demand to 6 per cent of the takings. In turn, the producers countered with a 3.6 per cent proposal but hedged this about with a series of conditions which the two actors' union—SAG and the American Federation of Television and Radio Artists—say would make the offer meaningless. "Six is the minimum we can ask," Ms. Swit said.

At this stage at least, the producers appear unlikely to budget. The strike has so far created no large strains on the bid studios and distributors. Indeed, Mr. Vogel suggested it could in the short term turn to the advantage of the producers. It may help them reduce their overblown stock of already finished films as TV networks increasingly hire new feature films ready for distribution to fill in their blank slots.

But should the dispute last for another two or three months, future production schedules would be seriously disrupted with potentially adverse effects on profits, Mr. Vogel warned.

For their part, the actors' unions have shown remarkable determination to fight to the bitter end. In many respects, their strength derives from their curious union structure. According to SAG, less than 10 per cent of the union's 46,000 members hold acting jobs in any one year, and 82 per cent of members earn less than \$5,000 a year from acting. Most of them make the bulk of their earnings from part time jobs—from working in a restaurant to driving a taxi. A prolonged strike thus constitutes no great hardship for SAG members, nor one suspects for the big stars, who, in any case, negotiate individual contracts with the studios.

Memories

There is also a deeper motivation. Many actors still remember the 42-day actors' strike fought 20 years ago about another trend in the film business—the showing of feature films on television. At that time, SAG, then led by Mr. Ronald Reagan, the Republican presidential candidate, settled for 6 per cent of the gross takings but allowed producers a 40 per cent distribution fee. This reduced the actors' share to 3.6 per cent—the same amount the producers are now offering for pay TV and videocassette revenues.

As a result, some actors still feel that SAG and Mr. Reagan, who incidentally served six terms as the Guild's president, were duped and sold out to management. "It will never happen again," a SAG member said.

The real victims of the dis-

pute are the national television networks, the small independent producers whose productions have been stopped and who do not have sufficient cash resources to resist a long strike, and the non acting members of the Hollywood Community whose jobs directly depend on the film industry.

These workers, many of whom belong to more down to earth unions like the Teamsters or the Woodcraft Union, have now also taken to picketing but for different reasons. Although they have made many public noises supporting the actors, they have started picketing the Motion Picture Association headquarters where the actors are negotiating with the producers. They want their jobs back and hope to persuade the actors to end their strike while negotiations continue.

For their part, many small independent producers have reached interim agreements with the actors' unions to enable them to continue or resume shooting. SAG claims more than 60 producers of feature films and television programmes have signed such agreements, whereby the independents would meet the terms which are eventually negotiated as a result of the strike.

For the national TV networks, things have been bleak. Their new autumn seasons, which start in about 10 days, have been badly disrupted. They have had to cram some of their prime time series with reruns of popular series. Although far less costly, reruns generate substantially less advertising revenue. But perhaps what worries the national networks most of all is the fear that viewers, bored by old programmes and expecting to discover who killed the dreadful J. R. Ewing in the Dallas saga, will be switching off to watch pay and cable TV.

Weekend Brief

A woman's place is in the kitchen

If all male chauvinists are sitting comfortably, then I'll begin, for this is a tale of three attractive women—each married, and each the mother of three—who know that their place is firmly in the kitchen, and have thus risen to the top of one of the most notoriously competitive branches of the food business.

They are Vivienne Flower, Jenny Katz and Nita Koppel, and their firm is Katie's Kitchen, registered as Three K's, which from humble origins in 1973 has grown to be the country's leading manufacturer of fresh pizzas.

These are not to be confused with frozen pizzas, where the market leaders include some of the big boys of the food trade, such as Birds Eye, Finlind and the like.

There are very few women at the top in food: there are few women buyers, or managers of supermarkets, let alone senior executives in big food companies. Yet Katie's Kitchen, launched with a start-up capital of less than £400, now produces more than 150,000 pizzas a week and has a turnover of £1.5m.

Their first venture was a small bakery at Kingsbury in north-west London, bought to meet the growing demand they had already created for a range of home-baked goodies, from chocolate cake to cheese mille feuilles they had previously baked and sold from home.

At Kingsbury they started making pizzas, although in those days, says Jenny Katz, "We used to have to spend ten minutes explaining what pizzas were before we'd get a sale." Business blossomed. At first, their stamping ground was delicatessens in North London and the Fulham Road. Later they approached the supermarket groups. Still business blossomed, so that by 1974 they had gone solo on pizzas, bidding a reluctant farewell to the rest of the range.

The bakery served them well enough until 1977 when, bursting at the seams, they bought a second plant at Wealdstone. By now, production was running at 60,000 pizzas a week. Still business grew, so that by the following year they were ready for their first really big investment: a sum of £160,000, spent on a vast converted factory in Wembley, an advanced, semi-automated pizza-making plant from Baker Perkins, the Rolls-Royce in the pizza-making field, and new packaging lines and labelling machines.

Turnover has doubled in just 17 months, and most of the big supermarket chains now stock their pizzas, which include a Country Pizza, with a wholemeal base, and a Super Pizza.

Their secret, they say, is insistence on freshness and natural ingredients: their pizzas leave the factory on the day they are made. It is a three-woman board: Jenny Katz, looks after sales; Vivienne Flower, after machinery and production;



Pizza queens Jenny Katz, Nita Koppel and Vivienne Fowler.

and Nita Koppel handles buying. In all, they employ a staff of 65.

There now, chauvinists. Are you still sitting comfortably?

Pulling the rug from under

Carpet and rug dealers are like economists—they all have different views. Some dealers exhibiting at the recent Overseas Import Fair in Berlin—a yearly showcase for consumer goods from the Third World—said the supply of Afghan carpets had started to dry up since the USSR's invasion at the beginning of the year. Others claimed supplies are just as they have always been.

But the two views may not be wholly contradictory. What seems to have happened is that dealers stocked up before the invasion and are still releasing the goods. At the same time, those who wish to leave Afghanistan can take with them only about \$150 (£82), so they have been smuggling out carpets to turn into cash later. That has brought more supplies to the market—at least for the moment.

Yet supplies could still be drying up. One dealer noted that many of the high quality pieces came from areas near the Afghan-USSR border, not from factories but from looms in cottages. Many of the weavers have departed, their villages destroyed.

At any rate, a crisis of supply could be developing for the private collector, if he has not been priced out of the market over the past five years. According to one dealer, antique Caucasian style rugs have risen in price by up to 40 per cent this year. Pointing to an intricately woven piece about three feet long and two feet wide, the dealer said the current price is DM3,500 (£815). Last year it would have been nearer DM2,500.

Even before the invasion, scarcity was pushing prices up, but now old carpets—50 years or more—many of which are in the Afghan countryside, are simply not find-

ing their way to Kabul en route for the European markets. "The ways are not sure," one Afghan delicately put it.

There is in any case a problem with old rugs and carpets. Shortage has heightened the temptation for more unscrupulous sellers, and, according to the dealers at the Berlin fair, there are places in the UK and West Germany where new pieces are washed, softening the characteristic deep red of the Afghan product, to make them look older.

But if there is any consolation for the potential buyer it is that prices at London auctions may well be cheaper than the prices prevailing in Kabul.

Advent of the telethon

One of the few aspects of American television with which British viewers are not yet intimately familiar is to be introduced to our screens next month by Thames Television. The "telethon" is a method of fund-raising for charity by means of a television spectacular of inordinate length, during which viewers are encouraged to telephone the studio to pledge donations sponsoring elements of the entertainment.

It is a technique which has proved hugely successful in the United States, notably the annual telethon hosted in Las Vegas by comedian Jerry Lewis to raise money for muscular dystrophy research. Thames schedules Britain's first such event for October 2 and 3, when in the course of a 24-hour TV marathon, which takes over the Thames channel completely, cash will be raised for a variety of children's causes.

The Thames Telethon will include 15 hours of live entertainment from the Wembley Conference Centre, where assembled celebrities including Rolf Harris, Joan Shenton and Jimmy Young will supervise the task of coaxing money out of their audience's pockets.

A taste of the razzamatazz which accompanies this sort of event was given last week at Sotheby's, where a "celebrity auction" was held to put the first cash in the telethon coffers. Television personality and author Frank Muir presided over the disposal of an odd assortment of offerings, including most famously the stetson hat of Dallas' "JR."

The auction raised a total of £13,745, helped along by the urbane efforts of Sotheby's auctioneer Richard Came, the undisputed "star" of the evening. Under the hammer went the spectacles worn by Clark Kent in the film "Superman" (£45), a jacket belonging to singer Neil Diamond (£130), and a shirt from pop star Deby Harry (£70).

It was a prolonged evening, and there were quiet moments in which lots went at prices that looked to the unpractised eye like fair bargains. A place in four rounds of the Bob Hope Palm Springs Golf Classic, with a clutch of grandstand and season tickets plus celebrity dinner, fetched £2,000, some £500 less than its estimated value. A fortnight's luxury holiday for two in Oregon went for a modest £1,250.

The auction-room crowd also had some rather unconventional ideas about the value of the art on offer. A custom-written autograph poem by Pam Ayres fetched £185, while the original David Hockney art work for the menu of Langan's Brasserie fetched a mere £220, only £60 more than the price paid for a watercolour by Dirk Bogarde.

Thames is keeping an open mind on how much its efforts may finally raise. "The sky," Joan Shenton told the Sotheby's audience, "is the limit." The only comparable British promotion has been on commercial radio, where Capital Radio's Help A London Child appeal raised over £100,000 this year. The telethon proceeds will be administered by the Thames Help Trust, chaired by WRVS chairman Lady Pike.

Contributors:

Michael Thompson-Noel
Paul Cheeseright
Robert Cottrell

Economic Diary

TODAY: U.S. and Japanese negotiators meet in Washington on Government contracts.

TOMORROW: Liberal Party assembly opens, Blackpool (to September 13). International Hardware Trades Fair opens, Olympia (to September 12).

MONDAY: Department of Trade publishes details of hire purchase and other instalment credit business (July) and gives July final figures for retail sales. Wholesale price index numbers (August provisional) from Department of Industry. Ergonomics and Transport conference opens, Swansea (to September 12). Centre for Policy Studies statement on pensions and index linking. Canadian political

leaders meet to discuss constitution, Ottawa (to September 12). TUESDAY: UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-August). London clearing banks' monthly statement (mid-August). Central Government transactions (including borrowing requirement) (August). Housing starts and completions (July). Society of Motor Manufacturers and Traders and Japanese Automobile Manufacturers Association start two days of talks in Tokyo on economic outlook.

WEDNESDAY: Department of the Environment publishes second quarter figures of construction output. Mrs. Margaret Thatcher attends first annual dinner or Now! magazine. Energy ministers of Mexico, Argentina, Brazil, Venezuela, Colombia, Ecuador, Dominican Republic and Costa Rica, start two-day meeting in Caracas to discuss an inter-American energy co-operation programme. THURSDAY: Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Association of Metropolitan Authorities conference, Manchester. Sir Peter Macleod, president elect, opens the Inter-

national Federation of Airworthiness annual conference, London (to September 13).

LYONDON Tourist Board's annual meeting. Sir Henry Plumb opens British Veterinary Association annual congress, York (to September 14).

FRIDAY: Department of Employment publishes the retail price index for August. Central Statistical Office issues the tax and price for index for August; publishes the 1980 edition of the Blue Book on National Income and Expenditure. Usable steel production figures for August. Building societies' monthly figures for August. Mr. Peter Walker, Agriculture Minister, visits Venezuela.

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Companies and Markets

A. Stanley profits drop 35% to £0.8m midway

TAXABLE profits of A. G. Stanley, home decorating materials group, dropped by 35 per cent from £1.24m to £0.8m, 122 for the six months ended June 28, 1980. Turnover went ahead to £23.91m, the comparative total of £15.31m excluding any contribution from Morris and Blakey, acquired in August, 1979.

Mr. Malcolm Stanley, chairman, blames other traders who experienced trading problems and started to de-stock with "irresponsible price cutting" of branded paints.

He says the group had no alternative but to react to these prices. "The second quarter is a peak period for paint sales and this together with the greatly reduced profit margin on these products is the sole reason for our shortfall in profits," he states.

Sales in the first two months of the second half have been satisfactory and the group is attaining its sales budget which makes full allowance for current inflation, the chairman says.

He adds that running costs have been well contained, as a percentage of sales, and that stores opened and refitted during this period are trading successfully.

Profits for the whole of 1979 were £2.6m.

Profits for the six months were £0.8m, after much higher depreciation of £688,984 against £298,672, and interest this time of £63,573, and were subject to tax of £322,000 compared with £388,500.

The interim dividend is maintained at 1p net per 5p share, absorbing £201,070 (£199,560) — last year's final payment was 1.5p.

Mr. Stanley says that in many respects the half year was extremely satisfactory. Group volumes were good and its market share was increased, and overheads were well contained as

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- Total	Total
			div. year	last year
Abbey Panels	1.3	Sept. 26	1.48	4.59
Derek Crouch	1.63	Oct. 31	9.6	9.6
David Dixon (Leeds)	Nil	Oct. 28	4.2	6.4
Esperanza	1.75	Oct. 27	2	6.5
Home Cattle News	1	Oct. 15	—	4.5
Home Prop. Co. Ltd.	1	Oct. 15	—	3.8
Myson Group	1	Oct. 15	—	4
Raybeck	3.17	Oct. 15	2.87	4.3
A. G. Stanley	1	Oct. 23	1	2.5
Surmah Valley	2.25	—	3.5	2.25

Dividends shown hence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Subject to receipt of funds from Bangladesh.

a percentage of turnover. "And our stores found a greater acceptance with the public."

The purchase of a wallpaper mill in August, at Holmes Chapel for £1.4m cash, to ensure continuity of supplies, flexibility and control of design and colour, will be of great benefit to the group, he states. But not significant contribution is anticipated from this operation during the current year.

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Surmah Tea falls and cuts payout

TAXABLE PROFITS of Surmah Valley Tea Company fell from £159,531 to £73,026 in 1979, on lower turnover of £704,113 against £847,478.

The annual dividend is reduced to 2.5p (3.5p) net and is subject to the receipt of funds from Bangladesh.

Earnings, after tax of £22,885 (£89,294), are shown as 6.2p (8.78p) per share.

Esperanza slips to £3.13m

TRADING conditions at Esperanza in the second half of the year to March 31, 1980, were not as favourable as had been anticipated, particularly in the 12 months fell from £3.85m to £3.13m.

Nevertheless, had it not been for exceptional losses arising out of the settlement of a claim against the company's subsidiary Caleb Brett and closing costs of the holiday tour business acquired with Gellaly Hankey, taxable profits would have been greater by some £1m.

On the proposed distribution basis earnings per 12 1/2p share are given at 8.9p (14.3p) net.

The directors report that UK trading in the first few months of the current year has been difficult. However, based on present trading conditions, they anticipate a satisfactory result for the year as a whole.

UK COMPANY NEWS

BIDS AND DEALS

Cornell shares double on speculation of bid

A SMALL loss-making East London dress company was at the centre of a minor mystery in the City yesterday when shares of Cornell Dresses moved sharply ahead on news that a private Jersey-based company was thinking of making a bid.

From an opening level of 26p, the thinly traded shares shot up to close the day at 82p. This was considerably higher than the 19p at which Azania Investments (Jersey) said it might bid.

Cornell's directors and members of their families and family trusts have irrevocably undertaken to accept an offer made by Azania, or procured by it, by November 29. The shares committed to Azania represent nearly 87 per cent of the shares, but the identity of the potential bidder has not been revealed.

Mr. Samuel Cohen, the chairman of Cornell, which lost £53,000 in the first half of 1980, declined to throw any light on who was behind Azania. "I can make absolutely no comment at all. As for current trading, he said it was reasonably satisfac-

tory now "but the future outlook is not particularly good."

Cornell said it wanted to make clear that Azania had merely indicated that it was considering making an offer, and that it was not now committed to bidding at 19p a share or any other price. It added that nothing more was expected to happen until Azania decided whether or not to make an offer.

The situation put some market observers in mind of Polly Peck, the ladies' fashion group in which Mr. Asif Nadir bought 88 per cent through a Jersey-based company in February.

B & Q NEEDS SUPPORT TO EXPAND

The chairman of B & Q (Retail), the do-it-yourself group that is the object of an agreed £15.5m agreed bid from F. W. Woolworth, has revealed that sales in the first half of the current year rose 15 per cent, excluding those from Superstores established since the com-

parative period.

"With inflation still running at around 17 per cent, we have had to modify substantially our expectations for the current year," Mr. D. A. Quayle says in a letter accompanying the official bid circular.

He adds that financial support of Woolworth would enable the group to support a greater "rate of Supercentre openings than it would have been able to do on its own during a period of recession."

Irrevocable undertakings to accept the offer have been given by holders of 57.5 per cent of the B & Q shares. The offer is 85p cash for each B & Q share, or an equivalent amount of Woolworth loan stock, if requested.

Terms of the loan stock were explained in the circular. Issued in multiples of £1, they will earn interest of 9 per cent annually payable in half-yearly instalments and are due on April 30, 1981. They will be redeemable on each interest payment date and will not be transferable or be listed on any Stock Exchange.

Petrocon builds stake against possible NCC energy attack

FOLLOWING July's "dawn raid" by Mr. Graham Ferguson Lacey's National Carbonylising — now known as NCC Energy — the directors of Petrocon have moved to protect their company's banks.

Petrocon's chairman, Mr. Peter Hosson, and fellow director James Pount, over the next 25 per cent of the shares following a deal made by a company in which they have a majority interest.

NCC Energy has 29.9 per cent of Petrocon, which makes equipment for the oil and petrochemical industries, and Mr. Hosson said a meeting would be held with Mr. Ferguson Lacey late next week to try to discover more about his intentions.

Through their company, Madge, Mr. Hosson and Mr. Pount bought the holding of 750,000 shares owned by John Swire at 42p each for a total of some £315,000. This represents around 12.7 per cent of the Petrocon shares. They already own a substantial stake in Petrocon through trusts.

Mr. Hosson said he was concerned by the manner in which Mr. Ferguson Lacey's company had acquired its shares in Petrocon. "I would like to know what is in his mind."

Petrocon also disclosed interim figures yesterday showing a pre-tax loss of £48,000 against a profit of £309,000 in the first half of 1979. This is increased to a £160,000 loss (previous profit: £193,000) after tax — including £102,000 provided against anti-

cipated stock relief clawback not previously claimed — and extraordinary items. Turnover rose from £5m to £8.75m.

The company said the elimination of loss-making activities and improvement of group efficiency had continued to be the priority. Costs of £145,000 were incurred in closing down unprofitable businesses and in redundancy charges.

Petrocon is not declaring an interim dividend, but intends to pay a final if operations keep up their current progress.

The issue will be underwritten by a syndicate of investment dealers managed by Wood Gundy.

H.S. CANADA

The Canadian Government has allowed Hawker Siddeley Canada to acquire control of B and K Machinery International of Mississauga, Ontario, a manufacturer of forming and processing equipment for around £1m. The deal is likely to go ahead in a few months time.

RACAL

Mr. Ernest Harrison, the chairman of Racal Electronics, has sold 50,000 shares in the company. At the end of March this year, his shareholding was 1.02m, according to the annual report.

DARES/STANHOPE

Dares Estates says the offer for Stanhope General Investment Company has been accepted in respect of 1,277,063 ordinary shares (99.71 per cent) and 27,653 preference shares (92.17 per cent). Both offers remain open for acceptance for a further period of 14 days.

W. Goodkind to purchase Parkdale for £349,000

W. Goodkind and Sons, the fur manufacturer and distributor, is proposing to buy Parkdale, a private financial planning services company, through a share exchange which values Parkdale at £349,750.

At the same time, Goodkind announced a loss for the first half of 1980 of £32,526. The company is publishing interim figures for the first time but estimates that the first six months of last year would have shown a loss of over £40,000. Goodkind makes most of its sales and profits in the second half and reported a profit before tax of £21,759 for the whole of 1979. Figures for the first six months of 1980 exclude a loss of £38,472 from a subsidiary which has since been sold.

The acquisition of Parkdale will be effected by a recommended offer on the basis of 75 Goodkind ordinary shares for every one Parkdale ordinary share. Irrevocable undertakings for 47.5 per cent of Parkdale have already been received by Goodkind.

In addition, Mr. F. J. C. Lilley is proposing to subscribe for 375,000 new Goodkind ordinary shares at 25p per share. This deal, which is also conditional on shareholder approval, is not on the offer going unconditional, would raise £100,000. Mr. Lilley is joining the Goodkind board along with Mr. N. A.

McMahon Turner, Parkdale's chairman. Together with the existing Goodkind directors, they will control 91.98 per cent of the enlarged capital.

Goodkind had first-half sales of £156,021, compared with £421,810 for the whole of last year. A recent review will increase its annual rental income from £89,000 to £129,000 with effect from July 30 this year. Parkdale made pre-tax profits of £39,356 in the year ended April 30 and net tangible assets at that date amounted to £242,021. Parkdale's two freehold properties will increase Goodkind's freehold and long leasehold investment property portfolio to about £13m.

Rantlodge sells two major shareholdings

Rantlodge has disposed of its holdings of 3,770 D. M. Lag-laster ordinary and 4,440 Nationwide Leisure ordinary.

These holdings have been acquired as to 50 per cent by SMS, Swiss Metalworks Selve International, a company owned by the family of Mr. Werner Rey and 50 per cent by UBI Service Industry Holdings SA who are shareholders of Rantlodge.

There has been therefore no change in the ultimate beneficial ownership of these holdings.

Alpha oil-shale hopes give boost to Greenvale

SHARES of Australia's Greenvale Mining and Esperance Minerals both moved up 5 to 220p and 270p respectively yesterday following remarks by Mr. L. White, chairman of Alpha Resources, that production from the Alpha oil-shale deposit in Queensland is envisaged within three years.

Greenvale and Esperance jointly hold 71.43 per cent of Alpha Resources, while the remaining 28.57 per cent is owned by a number of small shareholders. Mr. White is also chairman of both companies.

Mr. White said the Alpha deposit contained an estimated 8.5m barrels of oil and initial production of 2,000 to 2,500 barrels a day was currently contemplated. Alpha would decide within the next three months on which retort system it will use at the site. Feasibility studies were being carried out on retorts available from two U.S. companies and from West Germany's Lurgi group. Mr. White declined to name the American companies

but said the equipment being considered would cost between A\$10 and A\$30m.

Queensland contains a number of oil-shale deposits, the most important being the huge Rundle fields owned by Central Pacific Minerals and Southern Pacific Petroleum.

In July CPM and SPP signed an agreement with America's Exxon Corporation whereby the latter will fund the construction of a pilot-plant to produce 15,000 to 18,000 barrels of oil a day from 1985. Rundle is estimated to contain more than 2bn barrels of oil and if it reaches full production could be producing between 180,000 to 240,000 barrels a day. Greenvale and Esperance, two of the best performers in Australian markets this year, are also involved in exploration for oil-shale at Nagourin, where in partnership with the Rundle twins they recently encountered a continuous section of oil shale to a depth of 687 metres in one hole. No details of drilling results from the second hole have been announced.

Raybeck falls in second half

WITH THE customary improvement in second-half profits not materialising — the contribution dropped from £4.27m to £2.56m — results of Raybeck, ladies' and men's wear group, were not up to directors' expectations for the year ended April 28, 1980.

On turnover ahead from £95.8m to £99.4m taxable surplus finished the period down at £5.35m compared with £7.78m. The directors putting the blame mainly on the economic climate and the continuing decrease in numbers of tourists, particularly in the West End of London.

Although they feel it is more difficult than ever to predict the future, they are confident the company will resume its trading pattern of growth and profitability when normal conditions return.

Tax for the year took £1.89m against £3.36m and although earnings per 10p share are down at 8.01p (11.45p) the dividend is lifted to 4.3p (4p) net with a final payment of 3.16p, in view of the underlying strength of the company and its strong liquidity, the directors state.

After an extraordinary credit of £113,000 (£117m), which was after writing off £2.81m against goodwill on consolidation, and minorities of £30,000 (£35,000), the balance came through at £3.73m compared with £5.53m.

All steps are being taken to improve trading efficiency in order to take advantage of the revival of trade, "which we think we can look forward to in the year 1981-82," say the directors.

comment

Even Raybeck is not immune to the evaporation of tourism and consumer spending which virtually eliminated House of Fraser profits this week. The group has suffered its first full-year profits decline since it went public in 1964 and the second half, with profits down 40 per cent, has driven the message emphatically home. Yet even in the second six months margins were a respectable 5 per cent and the balance

sheet shows net cash of £8m, mostly due to the Bourne sale and lease-back so matters could be a lot worse. The asset backing is close to yesterday's share price of 71p and would increase to about 51p if the Bourne lease were included. With both retailing and manufacturing likely to remain under pressure for the time being, Raybeck may well be looking for growth through acquisition. Certainly the p/e of 7.4 on reported earnings presumes that the former profits trend will be resumed, albeit at a slower rate. The increased dividend is covered almost 1 1/2 times by historic fully-taxed earnings so the yield of 9.3 per cent looks in no danger.

Abbey Panels up midway

TAXABLE PROFITS of Abbey Panels Investments expanded to £602,476 in the six months to March 31, 1980 compared with £365,150 for the corresponding period, and £309,341 for the whole of last year.

But despite this satisfactory first half, says Mr. E. Loader, chairman, there has latterly been a dramatic cut-back in orders and, in the board's view, a downturn in inquiries throughout all companies.

He is confident, however, that a period of determined management will bring the group through this trying time.

First-half sales of the group, which engages in prefabrication of sheet metal units, press work, machining and toolmaking, increased from £2.85m to £3.2m. Tax takes £213,285 (£189,880), leaving £389,191 (£175,270). The interim dividend is held at 1.3p net and the chairman and two joint managing directors are waiving their entitlement. Last year's dividends totalled 2.8p.

Derek Crouch improves to £1.2m at six months

PROFITS of Derek Crouch, open-east mining, construction, machinery and equipment sales group, rose from £1.03m to £1.15m in the first half of 1980 on higher turnover of £30.25m against £23.16m.

Stated earnings per share are 5.88p against 5.2p and the interim dividend is lifted from 4.78p to 1.65p — last year's total was 4.59p on pre-tax profits of £1.39m.

The directors feel the interim results are satisfactory, bearing in mind the difficult trading conditions. Interest rates in particular made borrowing in the U.S. expensive in the early part of the year and still doing so in the UK.

Interest charges in the first half were £1.07m against £874,000 in the same period last year. After tax of £822,000 (£580,000) and crediting minorities of £187,000 (£80,000) attributable profits were £548,000 against £305,000.

Caderhall, the group's new open-cast site in Scotland has just started producing coal. Tugston in Northumberland, which was opened up last year, is going well, and the group is into full production again in South Wales after the industrial dispute last year, the directors report.

Crouch has also won a contract for an extension of the Ackerlyton site in Northumberland which it has been working on contract from the open-cast executive of the National Coal Board for six years.

The new contract involves winning approximately 500,000 tonnes of coal over the next five years, and the total value is in excess of £12m.

Home Counties News

As expected, considerably lower profits were reported by Home Counties Newspapers for the first six months of 1980, and the directors now feel it would be imprudent to expect any significant improvement in the second half.

The first half pre-tax profit is cut from £303,000 to £206,000 on turnover of £5.39m against £4.66m. CCA profits show a drop from £487,000 to £31,000. At an annual meeting in May, Mr. R. W. Gibbs, chairman, said that there was a squeeze on profit margins particularly on papers outside London. The first half results, he now reports, reflect the continuing downturn in the state of the economy with high wage settlements not being recovered from revenue.

Stated earnings per 25p share have slumped from 10.88p to 3.45p and the interim dividend is being reduced from 2p to 1.75p — last year's total was 6.5p on record pre-tax profits of £1.33m.

Kellogg on target but factoring growth slows

FIRST HALF profits in line with forecast are reported by the directors of Kellogg Trust, although they warn that the increasing effect of the economic recession on the level of business written by the principal subsidiary, Kellogg Factors, has become more noticeable over the past month.

The pre-tax surplus of Kellogg Factors, which was acquired by Kellogg Trust under a scheme of arrangement on July 25, rose from £67,040 to £97,510 in the six months to June 30, 1980, at which time Trust had not commenced trading.

Mr. J. K. Laurence, the chairman, says it is too early to attempt to quantify the outcome of the change, which at the moment represents only a slowing down in the anticipated rate of increase of Factors' business.

On June 30 the group increased its investment in Factors by subscribing for 250,000 variable rate preference shares of £1 for cash at par. At the end of the year it is intended to commit the £500,000 raised from the July placing of 13 1/2 per cent cumulative preference shares to increase further Factors' capital to meet

funding requirements arising from the increase in the level of its business.

Turnover in the first half went ahead to £23,04m (£15.83m) and the surplus was subject to tax of £5,987 (£7,491).

After minorities of £1,886 (£4,411) there is an extraordinary debit this time of £22,500, representing final settlement of the liability resulting from the sale last year of H. Morris and Sons.

Attributable profit emerges at £84,197 (£55,138), of which preference dividends absorb £20,900 (£17,480). Earnings per share and per loan stock unit are shown as 3.35p (1.91p).

SEASCOPE HLDGS.

Seascope Holdings, the insurance broker, with Lloyd's interests, is forming a new company, Bankscope Insurance Services.

This will act independently of, but will utilise, the main services of the group and is intended to provide a full range of insurance and consultancy services exclusively for banks and lending institutions.

Results due next week

Recent acquisitions, primarily in the UK and U.S., should help to push the interim figures from Thomas Tilling, expected on Wednesday, from last year's £23.5m to between £33m and £35m. In the UK, the builders' merchandising and building materials operation will have benefited over the first quarter from good weather and the absence of strikes, but the decline in housing starts will have made itself felt in the next two months. The U.S. figure will clearly suffer from translation at higher sterling rates but Tilling should have escaped the full impact of the recession by its concentration on the still-growing sun-belt area. The interest charge will remain high, but much of Tilling's U.S. debt is financed at single-figure interest rates and rights issue proceeds have left the group with sizeable deposits within the UK.

Analysts are expecting a modest increase in pre-tax profits when Standard Chartered unveils its interim showing next Tuesday. Against last year's £86.2m for the first half, the betting is now on a pre-tax level of £90m or more. The group will have been boosted by a happy situation in South Africa, where it shares the good fortune of others such as Barclays. But sterling's strength will make overseas earnings less buoyant after translation, especially from the Hong Kong operations. Union Bank, which was acquired last year, will chip in

only a small amount after finance costs have taken their toll. For the full year the pre-tax profit might be £190m against £169.8m. The interim dividend is not expected to move much beyond last year's 10p net.

An air of uncertainty surrounds the interim figures expected from mustard-to-drugs group Reckitt and Colman, which will reveal its numbers on Tuesday. Yesterday the company announced a set of board changes including the relinquishment of chief executive duties by its chairman. With around three quarters of its business outside the UK, Reckitt and Colman is very sensitive to the strength of sterling. But it has a broad portfolio, with about 40 per cent of its interests in food and wine, a third of the business in household products, 10 per cent in pharmaceuticals and other interests such as industrial cleaning. The interim pre-tax profit could be as low as £33m this year, against last year's £35.2m in the first six months. The dividend, which was 3.5p at the half-way stage last year, may well be maintained.

Bowater continues to enjoy strong markets in North America for its newsprint and despite the approximately 7 per cent depreciation in the dollar, sterling exchange rate since the first half of 1979 interim pre-tax profit in the current year, to be reported on Tuesday, should be slightly ahead, perhaps to £46m. The interim dividend may be held, with any increase coming

at the final. The question of a rights issue came up this week as the shares showed some weakness but there is no obvious urgency and there will probably be a better moment later in the year when the group's strong profit performance will stand out more prominently against the bleak norm for British manufacturing companies.

Despite the new chairman's warning that 1980 would be a difficult year, BICC is expected by analysts to show some improvement over the £27.9m pre-tax profit earned in the first half last year when it publishes its interim figures on Tuesday. The range is from £31m to £36m. Metal Manufacturers in Australia has continued to do well and BICC Cables should show further gains from the front. Labour disputes hurt the industrial products division last year and so some improvement is expected there while Balfour Beatty should be well ahead. The interim dividend might be up by 10 per cent to about 3p net.

Even BTR cannot row against the current of recession and analysts expect that demand, especially in the UK, fell off sharply in the second quarter. Still with a strong quarter and the comparison with the strike-ridden first half last year, pre-tax interim profits, which are to be revealed on Monday, should be well up on last year's £27.4m, perhaps to £34m. The group has benefited from South Africa and the elimination of

losses in Australia. The dividend, on the 33 per cent enlarged capital, should be maintained.

After last year's dramatic profits slump, analysts are far from optimistic about the interim figures from Turner and Newall, due on Thursday. Profits are likely to total around £12m, compared with £18.8m last time, but this figure will include perhaps £5m from Zimbabwe, so the underlying trend is very unsatisfying. In the UK, engineering components will have experienced a very poor six months, and chemicals will also have suffered, particularly on the PVC side. Many of T and N's export products are very price sensitive so the room for manoeuvre in all reduced the export contribution to about break-even. With a high interest charge and heavy redundancy payments to support, the figures should be sufficiently bad to place the interim dividend in doubt.

Many other large and important companies are reporting results next week. Among those whose preliminary figures are expected are Harrison's Malaysian Estates on Wednesday and Guinness Peat on Thursday. Interim results are due on Tuesday from S. P. P. and Son and Pearson Longman, and on Wednesday from Carparts International, Lead Industries, Babcock International, P & O and BSR. On Thursday from Prudential Corporation, Bridon, Heworth Ceramics, United Biscuits and Sedgwick and on Friday from BL.

Company				
FINAL DIVIDENDS				
Centros	Friday	0.25	1.475	0.25
Clark (Metzger) and Sons Holdings	Friday	2.25	5.5	2.0
Douglas (Robert M.) Holdings	Wednesday	0.085	1.2	1.1
F and C Eurotrust	Tuesday	—	1.2	—
Guinness Peat	Thursday	2.25	4.0	2.75
Harrison's Malaysian Estates	Wednesday	4.5	5.5	2.5
KCA International	Thursday	0.2	5.0	2.5
Land Investors	Tuesday	0.5	0.8	0.2
Maynards	Thursday	1.684	5.06	1.875
Murray Mills	Monday	—	—	—
Murphy Colston Investment Trust	Friday	0.25	1.2	0.25
Sabancı (Holdings)	Friday	0.25	1.2	0.25
Stoddard's Potteries	Friday	0.25	1.2	0.25
Zetters Group	Friday	0.25	1.2	0.25
INTERIM DIVIDENDS				
Allen Harvey and Ross	Friday	0.25	1.2	0.25
Applied Group of Companies (The)	Friday	2.25	5.5	2.0
Banco Consolidated Industries	Friday	0.25	1.2	0.25
Baron and Sons	Friday	0.25	1.2	0.25
Bettsball	Friday	0.25	1.2	0.25
BICC	Friday	0.25	1.2	0.25
Biddle Holdings	Friday	0.25	1.2	0.25
Bowater Corporation (The)	Friday	0.25	1.2	0.25
Brenell (C. D.)	Friday	0.25	1.2	0.25
Burns International	Friday	0.25	1.2	0.25
British Vita	Friday	0.25	1.2	0.25
BSR	Friday	0.25	1.2	0.25
BTI	Friday	0.25	1.2	0.25
Carpet International	Friday	0.25	1.2	0.25
Casalt	Friday	0.25	1.2	0.25
Danish Bacon	Friday	0.25	1.2	0.25
Danish Holdings	Friday	0.25	1.2	0.25
Farmer (S. W.)	Friday	0.25	1.2	0.25
Farland Doyart Group	Friday	0.25	1.2	0.25

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Coral Leisure, the troubled holiday camps-to-gambling concern received a surprise £85m offer from Sir Maxwell Joseph's Grand Metropolitan empire. The share-exchange terms of 13 Grand Met for every 30 Coral have been recommended to shareholders by the latter's board, and full acceptance will result in the issue of nearly 55m Grand Met shares. Coral, a mooted take-over target since police raids last November put the renewal of its casino licenses in jeopardy, has been attempting to sell off some of its assets, including a controlling stake in the Centre Hotels chain to the Indian Taj Group for around £27m, negotiations for which are continuing. The Pontins subsidiary was also said to be interesting a number of suitors, notably Bass. The offer is conditional on clearance from the Office of Fair Trading. The combined group would own around 1,300 bookmaking shops, still not the largest network in the country, and Mr. Stanley Grinstead, Grand Met's managing director, does not envisage the bid being referred to the Monopolies Commission.

Six weeks after an initial approach for building contractors Higgs and Hill was severely rebuffed, BIOC, under a certain amount of pressure from the Takeover Panel and institutional shareholders, has indicated its willingness to offer 110p per share cash, valuing Higgs and Hill at £9.8m. Any such offer is, however, conditional on a joint auditors' report to confirm the value of assets which were last published at £12.3m. BIOC has stated it would be prepared to go ahead with the offer if the assets were revealed to be within £2m of that figure. Higgs and Hill describe the precondition as "unreasonable".

Company bid for	Value of bid per share** price**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc'tee date
B & Q Retail	30*	40	38	0.60	F. W. Wirth. —	—
Christy Bros.††	30*	40	38	0.60	Simon and Cotes	—

Company bid for	Value of bid per share** price**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc'tee date
County and Dist. Props.	190*	186	195	16.35	Costain	—
Coral Leisure	99†	91	85††	83.94	Grand Met.	—
Kayser Bondor	100*	46	56	0.87	Courtaulds	—
Lidstone	280*	305	290	0.51	Exchange	—
Macanie (Lond.)	30*	30	23	0.38	Courtaulds	—
Marshall	31*	31	27	4.60	Berhad	27/8
Cavendish††	—	—	—	—	Hawley	—
Progressive Sees.	112††/	108	91	2.51	Leisure	—
Revertax	51‡	46	44	7.26	Yule Catto	12/9
RTD	51‡	10	61	0.12	Simon and Cotes	—
Tanjong-Tin	115‡	117	115	1.20	Pubang Cons.	—
Wilkinson Match	187‡	180	160††	28.73	Lindum	15/9

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 5/9/80. †† At suspension. †† Estimated. ‡ Shares and cash. || Unconditional. ||| Based on N.A.V. 104.8p.

Rights Issues

Lagavale Estate: Rights Issue on the basis of one for two at 30p per share to raise £956m†.

† Approximate figure before expenses.

Scrip Issues

Aeronautical and General Instruments: One for one.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Apex Properties	Mar.	691	528	3.3 (2.4)
R.E.T.	Mar.	71,030	(67,640)	24.4 (24.1)
Diploma	June	7,080	(6,060)	29.5 (25.4)
Excilbur Jery.	Apr.	1,050	(882)	3.0 (4.6)
Grimshaw Hldgs.	Apr.	192	(170)	11.0 (10.6)
Linfood Hldgs.	Apr.	10,210	(7,550)	23.1 (18.0)
Rowland Gaunt	June	8	(12)	1.3 (5.3)
Streeters Gldm.	Dec.	1,000L	(230)	— (—)
Whitworth Elec.	Mar.	614	(406)	15.8 (11.2)
Wilson Peck	Mar.	34L	(53)L	— (—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Beattie (James)	July	1,020	(1,390)
Black Edginton	June	265L	(1,200)
Blackwood Hodge	June	3,324	(4,337)
R.P.	June	576,000a	(622,000)a
Britannia Arrow	June	955	(817)
Cad. Schwepes	June	21,000	(21,700)
Charterhouse Gp.	June	7,564	(4,530)
Church & Co.	June	1,282	(1,190)
Costain Group	June	15,250	(17,150)
Dewhurst (J. & J.)	July	911	(775)
E.I.S.	June	1,060	(903)
G.R.E.	June	36,000	(31,400)
Hall (R&H)	June	1,340§	(1,440)§

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
House of Fraser	June	1,020	(7,320)
Kyman (L. & J.)	June	642	(965)
Invergordon Dist.	June	2,110	(1,350)
London & Euro.	June	407	(441)
Macfarlane (Cdn)	June	704	(553)
Midland Inds.	Mar.	751	(1,600)
Morgan Crucible	June	6,466	(5,525)
Nash (William)	July	127	(207)
Na-Swift Inds.	June	520	(514)
N.E.L.	June	12,550	(11,674)
Pearl Assurance	June†	4,492†	(3,050)†
Phoenix Assur.	June	16,900	(14,000)
Pritchard Svcs.	June	1,390	(1,040)
Provident Fin'cial	June	2,840	(2,680)
Sharna Ware	June	87	(1,21)
Sum Alliance	June	26,400	(18,700)
Thurgar Barder	June	155	(124)†
Wedgwood	June	2,161	(3,251)†
Weir Group	Mar.	186	(184)
Woodward (H.)	Mar.	186	(184)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. † First quarter figures. ‡ Net profits. †† Correction. ††† The directors intend to pay a single dividend in respect of the year. § In III a Net Income. L Loss.

Offers for sale, placings and introductions

Hesketh Motorcycles: Offer for sale of 1.8 million shares of 50p at 80p per share to raise £1.3m.

Inchcape confident of another good year

"At the AGM of Inchcape and Company, London, chairman, told shareholders that with more than half the accounting year behind us in respect of overseas subsidiaries," he was confident the company was having another good year.

"There was no denying, however, that recession had depended on many parts of the western world and although there seemed to be a time lag, this was bound in some degree eventually to catch up in the Far East and South-East Asia from where so much of the group's current prosperity was derived."

Meanwhile, trading conditions for the group in Hong Kong, Malaysia and Singapore had been excellent.

Although it seemed improbable that the tempo in the Far East and South-East Asia of 1980 would be fully carried through to 1981, prospects there, taken all in all, were reasonably encouraging.

Talking about the future pattern of the company's development the chairman said that, despite the company's strength in the East, the current policy should be to build up the group's strength in UK, Europe, Canada and the U.S., Central and South America, as well as Australia, in order to balance out its international investment portfolio.

Accordingly, they were making or planning further acquisitions in these regions and while they did not expect this growth to be spectacular it would be steady.

PEGLER HATTERSLEY

Holders of £2,376,408 7 per cent loan stock 1989-94 in Pegler Hattersley have exercised the

right to convert. As a result 1,140,678 ordinary shares have been allotted.

After conversion there remains in issue £483,499 of stock.

Optimism at

Walter

Alexander

Budgets for the current year indicate a further increase in profits, Mr. Walter R. Alexander, chairman of Walter Alexander, tells shareholders in his annual report. But he adds that it is difficult to make a forecast with any degree of certainty.

Profits for the first three months of the year are close to

budget and with the exception of the motor trade companies, the chairman is looking for improved performance from virtually all the other activities. He is hopeful that another increase in profits will be achieved by the group as a whole.

Last year, the company, a coach builder and light engineer, made taxable profits 20 per cent higher at £3.1m (£2.76m), as reported on July 25. Turnover advanced 15 per cent to £38.94m. During the year a revaluation of the group's properties was carried out showing a £2m surplus over book value.

Shareholders' funds are given as £17.75m (£13.83m) with bank overdrafts up from £531,000 to £1.45m. Cash and bank balances show a reduction from £204,000

to £17,000.

On a GCS basis, historical profits are reduced to £2.25m (£1.93m).

The company's shares are traded on the market made by M. J. H. Nightingale.

AUDIOTRONIC

Audiotronic Holdings, the hi-fi and audio equipment distributor, says its final accounts for the financial year to March 1, 1980, have been delayed. These are expected, however, to be out by October 17.

In July, the company said it would not be paying the preference dividend due at the end of August. This payment was in arrears from September 1 last year.

Pilkington feels the strain of inflation and competition

BY RHYS DAVID, NORTHERN CORRESPONDENT

All divisions of Pilkington Brothers in the UK were now under very strong pressure from inflation and from overseas competitors anxious to take advantage of the strength of sterling, Sir Alastair Pilkington, the chairman, told the annual meeting in St. Helens yesterday.

Sir Alastair, who was presiding for the last time before retiring as chairman, said the group would need to work hard to keep or improve its current position. Unless the combined effects of wage increases and productivity matched those of competitors, the group would lose competitiveness.

Particular problems were

being caused for the safety glass division by the UK car industry's loss of home market to importers. And the decline in building was also affecting flat glass.

Pilkington was expecting increased trade this autumn for its insulation division, as a result of energy price rises, though Sir Alastair said it was disappointing that the Government was reducing its support for local authority and private housing insulation schemes.

The group was expecting major benefits from its link with the German producer, Flachglas, which was acquired in June. The market leader in Germany, Flachglas, had successfully rationalised its operations during the 1970s, reducing manpower from 11,000 in 1970 to under 8,000 and was particularly strong in coating, insulation-glazing, solar control, and safety products.

Sir Alastair is to be succeeded by Mr. Anthony Pilkington as chairman of the group. In the year ended March 31, 1980, total group sales were £629m and pre-tax profits £91.4m.

APPOINTMENTS

Chief executive at Reckitt and Colman

Mr. J. A. S. Clemenson, chairman and chief executive of RECKITT AND COLMAN, will relinquish the role of chief executive, while retaining that of chairman on October 1. Mr. J. J. West, currently group director at headquarters for North America and Australasia, will be chief executive. Prior to his present appointment Mr. West was chief executive of Reckitt and Colman Australia.

Three new executive appointments to the board are being made: Mr. G. F. Alexander, Mr. P. J. Maydon and Mr. D. A. Totton.

The ROYAL BANK OF CANADA has appointed Mr. Rowland C. Frazee chairman and chief executive from October 1 following the retirement of Mr. W. Earle McLoughlin, chairman of the board. Mr. J. K. Finlayson has been made president from October 1. Mr. Frazee has held the position of president and chief executive since January, 1979. In his new position he remains as the executive head of the Royal at its Montreal corporate headquarters. Mr. Finlayson, in his new position as president, continues as the number two executive of the bank with particular responsibilities for the bank's worldwide corporate banking activities. He transferred to Toronto as vice-chairman in July of this year and he will remain in Toronto as president.

Mr. John Poole has been appointed a director of JOHN MOWLEM AND CO. He will be responsible for the Mowlem engineering products division, in which the principal companies are Engineering Laboratory

Equipment, and the recent U.S. acquisition, Solitrest Inc.

Mrs. Penelope P. Hughes has been appointed company secretary and legal adviser to SKETCHLEY & CO. Mr. P. G. F. Lancaster, who has retired.

Mr. Edmund M. Olivier has been elected by the board to the post of vice-president of planning and development for DIAMOND SHAWROCK CORPORATION, Dallas, Texas.

Mr. John McDonald, previously of Trade Indemnity Company, has joined BAIN DAWES CREDIT, a subsidiary of Bain Daws, as an associate director based in Leicester.

BIGGS WALL AND CO has appointed Mr. Dennis G. Brothers to the main group executive board.

Following the formation of two new subsidiary companies by Norbain, NORBAIN ELECTRO-OPTICS and NORBAIN DISPLAYS, Mr. Charles Tassell and Mr. Bob Andrews have both been promoted to managing director. Mr. Tassell continues as head of Electro-Optics, while Mr. Andrews leads the sister company, Norbain Displays. Mr. John Nield remains managing director of the main holding company—Norbain Electronics.

Sir John Greenborough is to become president of the NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS (formerly the National Council of Social Services) from October 8 the date of the council's annual meeting. He succeeds Sir John

Partridge, who has been president since 1974.

BSG INTERNATIONAL has appointed Mr. Iain Freeman as director and general manager of Hostess Furniture.

Mr. R. Garrick has been appointed managing director of WSR FUMES, the Glasgow pump manufacturing subsidiary of the Weir Group. He succeeds Mr. J. R. Spence, who has resigned.

Mr. R. P. Roberts, who retired at the end of February from the Pascoe Group has been elected to the Board of T. T. PASCOE as non-executive chairman.

Mr. Ian Dalk, a former director of Transglobe Aviation Insurance Group, London, has moved to Guernsey as deputy

managing director of Transglobe's wholly-owned subsidiary at St. Peter-Port. Mr. Dalk's principal responsibilities will be as underwriter for POLYGOON INSURANCE COMPANY for whom Transglobe in Guernsey also acts as managers and secretaries.

Mr. Kenneth Durham, vice-chairman of Unilever, and Mr. H. A. Hitchcock, recently retired from the National Westminster Bank, have been appointed part-time members of BRITISH AEROSPACE Board.

Mr. Charles Williams has been appointed franchise director of CALEDONIAN TRUCK SERVICES, Conthridge. He is a former general manager of Tate and Lyle Transport Contracts and of Silver Roadways Contracts.

BASE LENDING RATES

A.B.N. Bank	16%	Hambros Bank	16%
Allied Irish Bank	16%	Hill Samuel	16%
American Express Bk.	16%	C. Hoare & Co.	16%
Amro Bank	16%	Homberg & Shagel	16%
Banco di Sicilia	16%	Industrial Bk. of Scot.	16%
Banco di Napoli	16%	Keyser Ullmann	16%
Banco di Roma	16%	Knowles & Co. Ltd.	16%
Bank of Credit & Commerce	16%	Langris Trust Ltd.	16%
Bank of Cyprus	16%	Lloyds Bank	16%
Bank of N.S.W. Ltd.	16%	Edward Manson & Co.	16%
Bank of Paris	16%	Midland Bank	16%
Banque de l'Inde et de la Chine	16%	Samuel Montagu	16%
Banque de l'Inde et de la Chine	16%	Morgan Grenfell	16%
Banque de l'Inde et de la Chine	16%	National Westminster	16%
Banque de l'Inde et de la Chine	16%	Norwich General Trust	16%
Banque de l'Inde et de la Chine	16%	P. S. Refson & Co.	16%
Banque de l'Inde et de la Chine	16%	Rossmore	16%
Banque de l'Inde et de la Chine	16%	Ryl. Bk. Canada (Ldn.)	16%
Banque de l'Inde et de la Chine	16%	Schlesinger Limited	16%
Banque de l'Inde et de la Chine	16%	E. S. Schwab	16%
Banque de l'Inde et de la Chine	16%	Security Trust Co. Ltd.	16%
Banque de l'Inde et de la Chine	16%	Standard Chartered	16%
Banque de l'Inde et de la Chine	16%	Trade Dev. Bank	16%
Banque de l'Inde et de la Chine	16%	Trustee Savings Bank	16%
Banque de l'Inde et de la Chine	16%	Twentieth Century Bk.	16%
Banque de l'Inde et de la Chine	16%	United Bank of Kuwait	16%
Banque de l'Inde et de la Chine	16%	Whiteaway Laidlaw	16%
Banque de l'Inde et de la Chine	16%	Williams & Glyn's	16%
Banque de l'Inde et de la Chine	16%	Wintrest Secs. Ltd.	16%
Banque de l'Inde et de la Chine	16%	Yorkshire Bank	16%

M. J. H. Nightingale & Co. Limited

27/28 Lloyds Lane, London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross Yield	P/E
High Low	Alparag and Rhodes	22	2.1	6.7	12.5
50	21 Armitage and Rhodes	170	—	9.7	5.7
170	32 Bardon Hill	74	—	15.3	20.7
100	74 Canby Car-10.7% P.I.	97	—	5.5	3.7
101	63 Debonch	126	—	11.0	16.4
126	88 Frank Horsell	87	—	16.5	19.0
129	67 Frederick Parker	82	—	6.0	7.3
158	87 George Blair	120	—	7.9	6.5
84	45 Jackson Group	220	—	10.2	10.2
153	103 James Burrough	220	—	15.6	6.9
202	262 Robert Jenkins	12	—	15.0	17.6
232	175 Torday	48	—	3.0	5.5
34	10 Twinklark Ord.	101	—	5.7	5.5
56	23 Unifac Holdings	245	—	12.1	4.9
101	42 Walter Alexander	—	—	—	—
245	138 W. S. Yates	—	—	—	—

† Accounts prepared under provisions of SSAP 15.

CORAL INDEX: Close 493.498 (+4)



There are some things which you just can't manage from a UK office.

Which is why BTR is based worldwide.

Wherever possible our management is on the spot, ready to grasp a good business opportunity as it arises. Being in the right place at the right time is how we've grown.

When we spread our wings we also spread our risks. And our opportunities.

BTR
stands for growth

BTR Limited, Silvertown House,
Vincent Square, London SW1P 2EL
01-834 3845.

Fitch Lovell

* Group's portfolio comprises a diverse range of companies spanning the food industry and including selected non-food interests.

* AGM - The Connaught Rooms, Great Queen Street, WC2. 25th September 1980 at 12 noon.

Highlights 1979/80

From the Annual Report & Accounts for the year ended 26th April 1980.

* Sales increased by 15% to £602m (£523m).

* Profit before Tax increased by 27% to £11.185m (£8.817m).

* Ordinary Dividend Recommended Final - 3.71p (net) Total - 10% increase (gross).

* Strengthening performances by operations which have received the main thrust of recent capital investment.

* Encouraging features more than compensated for some setbacks.

* Policy for investment in growth still stands.

Copies of the Annual Report & Accounts may be obtained from the Secretary, Fitch Lovell Limited, 1 West Smithfield, London EC1A 9LA (01-248 6431).

LONDON STOCK EXCHANGE

New upsurge in Gilts sees tap stock re-activated £4 under issue price—Oils feature along with Golds

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Deal- Decla- Settle-
ings tion ment
Aug. 18 Sept. 5 Nov. 20 Dec. 1
Sept. 8 Sept. 19 Dec. 4 Dec. 15
Sept. 22 Oct. 3 Dec. 18 Dec. 29

For rate indications see end of
Share Information Service

A strong and extremely active gilt-edged sector was the dominant feature of London stock markets yesterday. Insurance and other institutions committed large funds to Gilts, possibly on the view that recent pessimism about the August banking statistics due next Tuesday may have been overdone. In order to relieve an acute stock shortage, the authorities re-activated the partly-paid medium tap, Treasury 1½ per cent 1991 A, at 46, or 4 points below its issue price of July 23 and 4½ points down on the last operational level on the same day.

The weight of demand enabled the Government broker to sell further supplies of 46; and speculation arose about the stock's imminent exhaustion. This was not achieved yesterday, but an attempted heavy switch, mainly from Treasury 13 per cent 2000 into the tap, the advance lost impetus. News of Citibank's Prime rate increase to 12½ per cent aided the reaction, gains stretching to some 1½ points were halted; subsequently, the absence of an announcement of a new long tap stock, the subject of much debate earlier, sent prices higher again to close around 1½ points up. Short-dated issues became less of

a force after figuring prominently on the two previous trading sessions and closed only marginally better. Equity markets took an early breather but were soon again influenced by the strength of Gilts and by a resurgence of interest in Oils on thoughts that the Saudi Arabian production cut-back could lead to further increases in oil prices. Institutional operators were active in equities and sought sizeable lines of front-rank industrials but in most cases the stock was just not available. The FT Industrial share index closed 1½ points higher, 137.7, after a loss of 1½ at the first indication, and a closing rise of 3½ at 194.4 to extend its rise over the past four trading sessions to 13.7.

Composites better
Gold shares climaxed a remarkable all-around market performance yesterday with fresh rises to £2 which brought the FT Gold Mines index to within 14.3 of its best-ever level. Demand was again largely from U.S. interest, inspired following U.S. African overnight, and impinged on a market extremely short of stock. Lomtha again attracted an active Traded options demand and contributed 350 deals to a total of 1,308, the highest of the week. The week's daily average amounted to 997. Other issues to record a good business yesterday included Commercial Union, 22½ trades, and BP, 17½.

Quietly firm conditions prevailed in Composite Insurance. Still drawing strength from satis-

factory interim Results, Sun Alliance put on 6 making a gain on the week of 30 at 77½. General Accident closed 4 better at 340½; the price in yesterday's issue was incorrect. Elsewhere, Prudential softened a couple of pence to 236½; the first-half results are due next Thursday. Arbutnot Latham continued firmly among merchant banks, rising 7 more to 217½. Guinness Put put on 4 to 140 ahead of next Thursday's preliminary results. Elsewhere, sporadic offerings ahead of Tuesday's interim statement clipped 7 from Standard Chartered to 559½.

The majority of movements in the Building sector were usually limited to a few pence either way. Fresh scattered support lifted Taylor Woodrow 4 more to 490½, while comment on the half-yearly figures helped Costain improve 2 to 186½. Fresh support left Aberdeen Construction 3 to the good at 137½, while Y. J. Lovell, a firm market recently on Press mention, hardened a similar amount to 141½.

Among Chemicals, ICI, unaltered at 362½, after 366½, failed to participate in the firmer trend in the leaders. Thurgar Bardex closed a shade dearer at 13½ following the increased interim profits.

Cornell jump

Special situations dominated secondary Stores. Cornell Dresses jumped 26 to 52½ following the approach from Azania Investments, a private Jersey-registered concern. Recent speculative favourite E. Goldman ran into profit-taking after an adverse Press mention and eased 3 to 29½, still 8 higher on the week. A. G. Stanley dipped 7 to 21½, the highest of the week of market estimates. Other D-I-Y issues trended lower in sympathy. Harris Queensway, 162½, reverted to unchanged, having been 160½ earlier, while Home Charm finished 3 lower on balance at 102½, after 107½. Wadding and Gilbey were unchanged at 106½; recent references here to preliminary results being due yesterday were in error, the figures having been announced last month. Raybeck announced lower annual earnings, but the raised dividend and the chairman's comments helped the shares gain 3 to 71½. Gussies A picked up 6 to 466½, while Marks and Spencer firmed 2 to 105½. In Shoes, Style shed 8 more to 110½.

Electricals again claimed a fair measure of interest. Racal featured the leaders with a rise of 13 to 322½ on hopes that the company may participate in the Jaguar aircraft contract. GEC,

504½, and Thorn EMI, 380½, firmed 6 apiece, while Plessey edged 3 to 243½. Some of the gains in secondary issues were accentuated by stock shortage. Ferranti were prominent again with a fresh rise of 13 to 460½, while STC also stood out at 448½, up 20. Kodo rose 11 to 289½ and Cray 7 to 68½.

A quiet day in the Engineering sector left prices with a few scattered changes. Apart from Vickers, which met sporadic demand and put on 4 to 130½, the leaders stayed close to overnight closing levels. Elsewhere, Midland Industries regained 5 to 79½ and further consideration of the interim figures. Occasional support lifted Matthew Hall 4 to 282½, while Birmid Qualeast firmed 2 to 29½ following the company's report of a 30 per cent increase in lawnmower sales. On the other hand, revised selling in a thin market prompted a reaction of 10 to 210½ in Yarwood.

Foods remained firm, but price rises were much reduced from those seen recently. J. Sainsbury added 5, a gain of 33 on the week to 500½, while Associated Dairies hardened 2 more at 232½. Fitch Lovell closed 3 better at 79½, while Sompertex firmed 10 more to 215½, up 45 on the week. United Biscuits rose the turn to 89½ ahead of next Thursday's interim figures, while good support was again noted for Bernard Matthews, up 20 for a rise of 30 to 255½. Ames Hinton at 89½, provided a rare downward movement, losing 4 of Thursday's gain of 13.

Myson fall

Myson dropped 5 to 53½, after 51½, on news of the interim dividend reduction and first-half profits setback. Cosalt nervously shed a penny more for a decline on the week of 6 to 30½ on fears ahead of next Wednesday's half-year figures. Elsewhere in miscellaneous industrials, Aeronaucal and General Instruments jumped 35 more for a rise on the week of 105 to 530½ on further consideration of the proposed 100 per cent scrip-issue. Still reflecting an investment recommendation, Manchester Ship Canal added 12 more to 217½, while investment support lifted Vickers 6 to 189½, after 187½. Charles Hill of Bristol attracted buyers and put on 6 to 54½, while Hunting Associated rose 15 to 360½ on buying in a thin market. Share-slimming hopes continued to bolster De La Rue, a further 10 dearer at 86½ and, favourable comment ahead of Monday's interim statement, helped 38 harden 3 to 381½. Central Manufacturing and Trading also benefited from comment and

hardened 2 to 40½. Thursday's unchanged MILR decision failed to deter buyers of Properties and closing gains ranged to 10. United Real added that much to 445½, while Great Portland Estates, 284½, and Haslemere Estates, 356½, rose 6 apiece. Marler Estates revived with a rise of 5 to 65½. MEPC hardened 3 to 243½ and Land Securities 2 to 375½. Hong Kong issues continued to attract a good demand with Paul Y notable for a rise of 5 to 29½, after 28½, on big news from Hong Kong Land fee of 148½ following the news of the £100m assets and shares deal with Jardine Matheson, 2 dearer at 176½.

Oils good
The prospects of an increase in crude oil prices following Saudi Arabia's decision to cut back output in the fourth quarter stimulated a marked revival in the Oil sector yesterday. Buying often found the market short of stock and resulted in some substantial gains. BP firmed 10 to 358 in the leaders, while Shell hardened 4 to 412½ and Lasso gained 25 to 700½. Double Eagle, 420½, up 190½, and Warrior Resources, 75 higher at 280½, featured the exploration issues following reports of an American oil find. Burmah advanced 10 to 195½ and Berkeley Exploration 11 to 185½, while Pitt, 345½, and Clyde, 505½, rose 25 and 35 respectively.

Trusts made fresh headway with the emphasis again mainly on Capital stocks. Derby Trust Capital rose 8 to 215½, while Duvalvest, 344½ and Twp. Capital, 177½ improved 5 and 8 respectively. Among Financials, news of the offer for the minority in Manchester Liners by Furness Withy, prompted interest in Fashin and General, 20 higher at 220½, and Scottish and Mercantile 'A' 7 up at 150½.

Golds surge ahead

Mining markets ended the week with a flourish as another good performance by the bullion price—up 54 more to \$651.50 an ounce for a week's gain of \$19—encouraged heavy

buying of South African Golds. The Gold Mines index jumped a further 17.5 to 426.0, a rise on the week of 38.3 and its highest since end-May 1975. The index is now only 14.3 below its all time peak of 443.3, registered on May 22, 1975 when bullion was trading at \$174.50.

Share prices raced ahead from the outset as renewed overnight American support was followed by persistent and sizeable local and Johannesburg demand in a market short of stock. The buying interest was sustained throughout the official trading hours but tended to fall off in the after-hours trade when profit-taking set in. Consequently, prices closed a fraction below the day's best but heavyweights still retained gains of up to £2 and more, as in Randfontein, 539½, and Vaal Reef, 539½. Medium and lower priced issues showed more volatility. De Beers, 44½, after 43½, firmed 60 up at 515½ and Unisel 83 firmed at 580½.

The buying of Golds spilled over into South African Financials where Anglo American and De Beers both ended around 700 and 700½ and 450½ respectively. Gencor, 30 up at 930½, were additionally boosted by the sharply increased half-year profits and dividend. London Financials, however, remained quietly steady.

Australian Golds attracted strong demand with Federal 17 to the good at 270½, GMR 10 up at 438½ and North Kalguri 5 higher at 96½. Whim Creek added 4 to 94½. Haoma Gold, 14 firmed at 180½, and North West Mining, 10 stronger at 144½, reflected the sharp rise in the price of gold. Reports that the Alpha all-shares deposit in Queensland could be in production in three years lifted Greenvale and Esperance 5 apiece to 220½ and 270½ respectively.

Elsewhere, Hemerdon Mining and Smelting gave up 10 to 820½, but South West Consolidated Minerals added a further 4 to 43½. Strong demand from Johannesburg lifted Cons. Murchison 40 to 340½, after 360½.

OPTIONS

FNFC, LRC, Burmah Oil, House of Fraser, Bougainville, Westminister Properties, C. E. Bailey, Premier Oil, Silvermine, Loraine, Raglan Property, Coral Leisure, Aram Energy, Forward Technology, North Kalguri, Metramar and Berkeley Exploration. Put were done in Thomas Bougainville and Land Securities, while doubles were struck in Lomtha, Endeavour and STC.

FINANCIAL TIMES STOCK INDICES

	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 29	A year ago
Government Secs.	60.44	60.93	60.04	60.80	60.09	60.78	75.18
Fixed Interest	70.50	70.16	69.95	69.61	69.37	69.94	75.57
Industrial	494.4	490.8	489.6	488.7	488.3	488.3	475.5
Gold Mines	426.0	410.5	405.0	401.0	397.1	386.7	288.3
Ord. Div. Yield	7.41	7.47	7.47	7.57	7.59	7.55	6.89
Earnings, Yld. 2 (Full)	17.54	17.37	17.36	17.68	17.65	17.94	17.18
P/E Ratio (net) (%)	6.94	7.08	7.08	6.95	6.90	6.94	7.55
Total Bargains	18,751	18,787	18,565	16,968	16,573	15,660	15,889
Equity turnover £m.	118.00	97.88	95.95	80.48	123.88	75.89	75.89
Equity bargains total	13,509	14,046	11,858	11,851	14,724	12,264	12,264

10 am 483.5, 11 am 483.3, Noon 484.0, 1 pm 484.1, 2 pm 484.1, 3 pm 483.9, Latest index 07-246 8026, Nil = 6.47.

Base 100 Govt. Secs. 19/10/25, Fixed Ind. 1928, Industrial Ind. 1/7/35, Gold Mines 12/5/55, SE Activity July-Dec. 1942.

HIGHS AND LOWS S.E. ACTIVITY

	High	Low	High	Low		5	
Short Secs.	72.94 (217)	67.65 (318)	137.4 (31/88)	49.18 (41/70)	Daily Elt Edged... Speculative	105.1 67.5	104.8 50.0
ized Int.	74.08 (247)	64.70 (281/1147)	150.4 (281/1147)	50.53 (41/70)	Gilt Edged... Totals	87.5 74.0	50.0 80.0
and Ord.	503.1 (1617)	406.9 (1078)	526.8 (48/75)	49.4 (22/10)	5-day Elt Edged... Speculative	104.8 50.6	104.0 70.0
old Mines.	438.0 (518)	385.5 (1185)	422.7 (222/76)	52.10/17.1	Gilt Edged... Totals	104.8 70.6	104.0 40.0

AUTHORISED UNIT TRUSTS

[illegible][illegible]

7.29	Chf. & Pnd. Int. Grth.	59.1	59.7	+0.6
7.29	U.K. Equity	127.1	62.1	+0.4
7.29	Overseas Funds (2)	74.5	80.1	+0.2
7.29	Japan	17.5	17.5	+0.2
7.29	U.S. Asia	36.5	36.5	+0.2
7.29	Scotch Funds	136.7	146.9	+0.8
7.29	Commodity	128.4	142.6	+0.9
7.29	Europe	132.4	85.4	+0.4
7.29	Financial Secs.	132.4		
7.29	Fixed-Invest. Fund (1)	59.7	59.7	+0.1
7.29	U.S. Bond Fd.	109.9	109.9	+0.2
7.29	Emergt. Funds (2)	109.9	109.9	+0.2
7.29	Emergt. Income*	109.9	109.9	+0.2
7.29	Emergt. Intl.	109.9	109.9	+0.2
7.29	Emergt. Intl. at Avg. 22, Next 26, Sep. 26	109.9	109.9	+0.2
7.29	Scotish Securities	14.4	49.9	+0.2
7.29	Scotish	59.5	59.5	+0.2
7.29	Scotish	59.5	59.5	+0.2
7.29	Scotish	74.4	80.0	+0.7

[illegible][illegible]

	Pers. Penn. Can. Ute.	757.5	
	Sales Exp. Part. U.	169.4	
	Gilts Penn. Fd.	311.4	+0.8
	Gilts Penn. Fd. Cap.	311.4	+0.8
	Provision Capital Life Assc. Co. Ltd.		
	Seel. Mkt. Pk. Can.	702.8	
	Seel. Mkt. Pk. Sld.	113.9	
	Pension Exd. Inc.	123.4	106.8
	Pension Exd. Inc.	123.4	106.8
	Deposit Fd. Can.	52.4	52.4
	Equity Fd. Acc.	57.4	67.4
	Intnl. Cdn. Fd.	52.4	52.4
	Intnl. Cdn. Fd.	52.4	52.4
	Managed Fd. Can.	51.4	51.4
	Managed Fd. Acc.	51.4	51.4
	Property Fd. Can.	75.2	75.2

Vantrigh Pension Loans Ltd. 41-43, Maddox St., Lond. W1R 9PLA			01-499 4922
Managed	133.5	133.4	+0.1
Unmanaged	133.5	133.4	+0.1
Fixed Interest	128.8	130.4	+1.6
Equity	130.7	128.9	-1.8
Proprietary	130.7	128.9	-1.8
	14.25		
Wellfare Insurance Co. Ltd. Windale Park, Easingw.			0392-52155
Moneycentre Fd.	118.6		+0.91
For other funds, please refer to The London & Manchester Group			
Windsor Life Assur. Co. Ltd. Royal Albert Hse, Strand St., Windsor SL164			
Accum. Pen. Unit	195.4	195.8	+0.4
Flex. Inv. Growth	195.4	195.8	+0.4
Flex. Inv. Growth	195.4	195.8	+0.4
Ret. Ass't Pcn.	230.39		+0.22

[illegible]

INSURANCE PROPERTY BONDS

[illegible][illegible][illegible][illegible][illegible]



MAN OF THE WEEK

The other face of Poland

BY CHRISTOPHER BOBINSKI

AT FIRST GLANCE the contest looks by no means even. Poland's official trade unions have the resources, the people and the equipment. What is more, they have been ordered by the authorities to become "autonomous and self-governing." They have also been told to defend the interests of the working class.

They are faced by Mr. Lech Walesa, the leader of the general strike in Gdansk and for the moment the most prominent figure in the nascent independent trade union movement. Few people, least of all Mr. Walesa himself, would have expected four weeks ago that he would be sitting in a set of rooms at a hotel that has now become the office of the founding committee of the officially recognised new union movement in Gdansk.

Four weeks ago, the 37-year-old Mr. Walesa, an electrician by trade, had a job in an engineering works, a pretty wife, and six children. He was also a member of the "Baltic free



Lech Walesa
His brand of honesty hit the right note

trade union," which was made up from a small group of dissidents and workers much harassed and victimised by the authorities.

In January, Mr. Walesa had been sacked from another job at Elektroonizacja in Gdansk for helping to organise a short-lived strike against staff reduction. In December he had emerged from the back of a lorry outside the main gate of the Lenin shipyard in Gdansk to speak to a crowd of over 5,000 gathered to commemorate the deaths of shipyard workers killed during the strikes and demonstrations against food-price rises in December, 1970. That tragedy is never far from Mr. Walesa's mind.

He was a member of the strike committee in the shipyard then. "I am to an extent responsible for the bloodshed in December, and that strike was badly led," he said. This goes a long way to explaining his readiness to compromise during the negotiations with the Government this time. In fact, both sides wanted to avoid a repeat of 1970. During this strike Mr. Walesa was interested in one thing—new independent self-governing unions.

Once he got Government agreement on these, he was ready to give way on other demands. Mr. Walesa sees the new unions as a guarantee that the system will not degenerate; the fact that they will be independent of the party means that the party and the Government will improve. As he said during the talks to Mr. Jagielski, the chief Government negotiator: "We want our unions because we don't want to keep coming back here every 10 years."

It was Mr. Walesa's strength as a strike leader that he managed to take the men with him whenever a concession had to be made. Some would say that he is a superb manipulator. He worked hard during the strike, constantly going around the shipyards, being seen, and making speeches. After years of mistrust towards officialdom, people were ready for a leader they could trust, and his brand of honesty hit the right note. Wherever he went, he was cheered and applauded.

The man who had been sacked from the shipyard in 1976 for agitation and who was reinstated only at the beginning of this strike in one of the first concessions granted became in no time the central figure. One of his greatest strengths is his instinctive knowledge of the Communist system and the rules by which it is governed. He told reporters that he has been learning about it all his life. That instinct is his greatest asset in the difficult period ahead, when he must put together an independent union movement in the face of competition from the official unions.

FINANCIAL TIMES

Saturday September 6 1980

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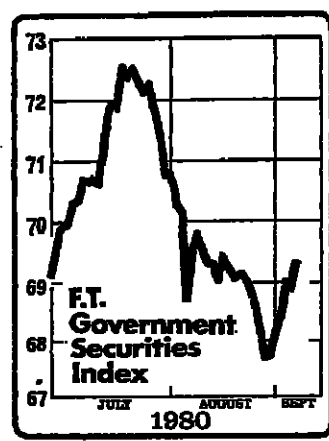
Big sale of tap stock as gilt prices rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRICES OF gilt-edged stocks rose sharply yesterday and the Government Broker said stock on a significant scale for the first time in six weeks.

Gilt prices have recovered strongly over the last week with a 21 per cent rise in the FT Government Securities Index. This follows more than a month of steady decline after the first signs of the big jump in the money supply appeared in July.

The recovery partly reflects the completion of this shake-out rather than any heavy new buying, though there have been reports this week of renewed foreign interest.



The result yesterday was that the Government Broker sold the existing tap stock—Treasury 111 per cent 1991—at £46 in its partly paid form. This is £4 less than the issue price and £41 less than when he last sold the stock in late July.

Some brokers believe that

more than £100m was sold yesterday, so after taking account of earlier sales about 60 per cent of the £1bn stock may now have gone.

The strong price rise was in spite of expectations of City economists that the August

monetary figures, due to be announced on Tuesday, will be poor. On average, analysts are projecting a rise in sterling M3, the broadly defined money supply, of about 3 per cent.

This prospect is being brushed aside by the gilt-edged market on the grounds that the increase largely reflects the unwinding of past distortions. It is generally assumed that the Government will downgrade these figures when deciding on its monetary target for the next year, and that the evidence of a deepening recession will lead to a cut in Minimum Lending Rate in the next few months.

Most analysts believe that a cut is unlikely until the authorities have at least a first sight of the September monetary figures. A reduction in early October is being mentioned with growing frequency.

Editorial Comment, Page 16

Tough rules on dawn raids

BY CHRISTINE MOIR

THE COUNCIL for the Securities Industry is to make stock market "dawn raids" almost impossible by demanding that predators give five days' notice of their intentions.

The surprisingly tough rules, foreshadowed in a statement from the CSI yesterday, take effect at 15 per cent of a company's equity. Anyone offering to buy more than 5 per cent of a company within a period of five days if the purchase would take his own stake to 15 per cent or more of the equity, will have to give all shareholders five days to think over the offer.

The buyer may choose to make his offer either by way of a formal partial bid with accompanying documents or by inviting shareholders to tender their shares through the market at a fixed or variable rate price.

There is to be no change to the present trigger point for a full-scale bid. The CSI believes that 30 per cent still remains the appropriate level at which a full offer must be made.

Certain details of how the rules will apply on the stock market floor, or if families wish to sell large holdings, have still to be settled.

Meanwhile, until the formal set of rules is published, the "temporary ban" on dawn raids will continue on the CSI's orders.

Agreement on the rules for swift, large-scale market operations was reached at the CSI's emergency council meeting on Thursday.

They go much further than the proposals put forward by the Stock Exchange's special sub-committee and underline the CSI's willingness to interfere in the market "to protect the interests of the target company and its shareholders."

In this the CSI has been firmly supported by the City Capital Markets Committee, an independent body recently restructured by the Bank of England to consider major City issues.

The CMC also published its report on dawn raids yesterday, saying "the interests of all dictate that a delay is required allowing proper information and time for decision and action."

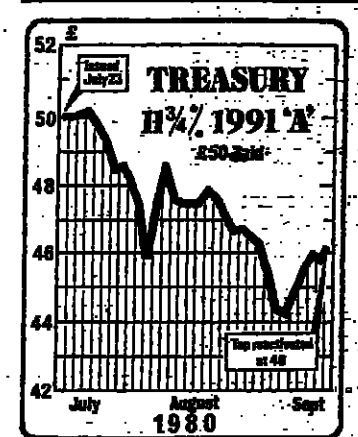
The CSI set up a working party in August to study the implications of the controversial acquisition by De Beers of 25 per cent of Consolidated Gold Fields, 15 per cent of which was bought within hours during a surprise market operation in February.

Details, Page 3

THE LEX COLUMN

Five-day wait for dawn

Index rose 3.6 to 494.4



special committee of the Stock Exchange and gives time for the remotest shareholder to take advantage of the offer. It also gives time for counter offers to be made or for the defending company Board to set out its arguments.

However, the new provisions fail to deal with one of the trickier aspects of the dawn raids—the practice of jobbers and brokers selling short in the hope of making a quick profit when the share price falls afterwards. It looks as though it has not been possible to find a simple answer, given the way the Stock Exchange operates.

The CSI is working out regulations on how to prevent jobbers being built up secretly through the adroit use of the present disclosure rules. But companies still have a less than perfect defence against the unscrupulous, particularly those foreign organisations which care little for UK self-regulatory guidelines. The Government has a clear obligation to back the self-regulatory bodies here with legislation to enforce registration and disclosure. The sanction suggested by the City Capital Markets Committee is that the voting rights and dividends attached to shares should be withheld during the time that they are still owned by an offender.

Do-it-yourself

There are some clear indications that the once-buoyant DIY sector is beginning to run out of steam. Last year's volume sales growth of 7 to 8 per cent has slowed considerably amid general retail difficulties in the UK and an increasing number of new entrants into the DIY business has only made matters worse.

Yesterday's pre-tax decline from the paint and wallpaper

specialists A. G. Stanley could be a harbinger of gloom in the supposedly recession-resistant DIY field. Stanley's pre-tax profits came down from £12m to just £800,000 in the first six months—whereas the market was expecting profits to rise by as much as 20 per cent. This sets shares down 7p to 62p, close to the year's low.

Stanley, with 270 outlets in the UK, is a hard-core DIY retailing group, catering for the High Street decorating tradesman and weekend craftsman. Mr. Stanley's pre-tax margins have now come off almost 5 points as a result of what the company calls "irresponsible" competition in brand-name paints.

The competition referred to by Stanley was the price-cutting war which got underway during Britain's bleak spring of 1980, the period when the public just seemed to stop buying. Tests, for example, began selling branded paint at prices around cost, had new offers for Stanley, which looks to points for around 40 per cent of group business.

Stanley's group mark-up in the first six months fell from 35 per cent to 32 per cent and each point is equivalent to almost a quarter of a million pounds. By the end of the current year it is entirely possible that Stanley pre-tax profits will have fallen from last year's £3m to as little as £2.5m.

But Stanley is not alone in its earnings slump. Yesterday B and Q, the DIY trail-blazer which has managed to attract a generous takeover bid from a troubled Woolworth group, revealed the pressures affecting many of its 35 Supercentres. Sales in the half-year to July were up by only 12 per cent while inflation was running at 17 per cent and overhead costs were rising fast.

Elsewhere the picture seems to be reasonably similar. DIY businesses do have the important advantage of being able to vary their merchandise mix considerably, enabling them to branch out into interests such as bathroom and kitchen equipment when paint brushes and glue are not selling enough. But the higher margin accessories are now being hit by the squeeze on consumer spending. With a variety of powerful retailing groups entering the sector of late, there seems to be too much competition for a rather finite pie. Together with recessionary pressures, this can only spell rationalisation of the DIY market, a shake-out which could intensify during the next twelve months.

UK loses textile exhibition

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE INTERNATIONAL Textile Machinery Association Show, which Birmingham's National Exhibition Centre was due to stage in 1983, has been switched to Milan following misgivings by the European organisers over temporary accommodation which would need to have been erected.

The move, agreed at a meeting yesterday in Zurich by the presidents of Cematex—the overall organisation covering textile trade associations in Europe—will mean a loss of well over £100m in revenue for the UK from the exhibition.

The exhibition is claimed to be the biggest held by any industry in the world. The decision deals a serious setback to UK textile machinery manufacturers.

A total of 150,000 visitors

from all over the world attended the ITMA exhibition at Hannover last year.

A threat to the NEC's staging of the exhibition first emerged in June when Cematex representatives queried the high price being asked for space. The NEC was then believed to be asking exhibitors for £85 a square metre, compared with £60 a square metre at Hannover. There were prospects of further increases in line with inflation.

The higher cost was mainly the result of the need to add a further 90,000 sq m of gross space in temporary buildings to the existing 100,000 sq m.

The NEC was asked by Cematex to reduce its price, and was able to persuade Birmingham City Council to give a guarantee against losses. It also secured a promise of Government financial

support towards the cost of upgrading facilities to compete more effectively for international business.

As a result, the NEC was able to reduce its price which it also agreed to quote in Swiss francs.

The new price of SwFr 310 a square metre offered by the NEC is understood to have been broadly acceptable to Cematex. But new doubts were raised over the arrangements for accommodation at the exhibition after Orbit, the company whose structures were provisionally approved by Cematex, went into liquidation.

Officials of the British Textile Machinery Association, which was to organise the exhibition on behalf of Cematex, were unavailable for comment last night.

Federal aid for Massey refused

BY OUR TORONTO CORRESPONDENT

THE CANADIAN Government is not planning to come to the aid of Massey-Ferguson, the financially-troubled farm equipment manufacturer, according to Mr. Herbert Gray, the Canadian Industry Minister.

Massey-Ferguson approached the Government several weeks ago for a federal guarantee on part of its proposed C\$500m (£178m) equity financing package.

Mr. Gray said yesterday: "I think it is something that can be achieved in the private sector." He added, however, that he was keeping in touch.

The Minister refused to discuss details of Massey-

Ferguson's equity plan on the grounds that the information was confidential. But officials said the company proposed that the Government should guarantee between C\$200m and C\$250m of a planned C\$500m preferred share issue.

Massey-Ferguson officials let it be known last week that they were optimistic about federal aid, and expected shortly to announce a package deal.

The position of the Canadian federal authority is expected to be echoed by the Ontario Provincial Government.

Mr. Frank Miller, the Provincial Treasurer, said in Toronto that his government

was "keenly interested" in the welfare of Massey-Ferguson. He said he was "gravely concerned" about the company's difficulties, particularly the recent lay-offs involving 5,000 workers.

However, he would not say what possible assistance the Province and Massey-Ferguson had discussed.

Earlier this year, Chrysler of Detroit was given C\$200m in federal loan guarantees, while Ontario provided a C\$10m subsidy. But the situation with Massey-Ferguson is different, because as Mr. Miller said, the farm-equipment manufacturer is "basically a sound company."

TUC cancels trip Continued from Page 1

began some three weeks ago. Although the question of a visit at a later date was raised yesterday, the feeling appears to have been that it was best to let the matter rest for the moment and leave it to the Poles to revive an invitation if they wished.

It had been expected that Mr. Jan Blaszyk, the Polish ambassador in London, would travel to Brighton yesterday to talk to TUC leaders, but he did not put in an appearance.

The Foreign Office denied yesterday that it had asked the TUC to postpone the trip. It said it had merely sent some

written background on Poland to the TUC's international department.

Announcing the unanimous decision of the general council to the conference delegates, Mr. David Bassett, chairman of the TUC economic committee and head of the delegation, said there had been informal talks with the Polish ambassador in the previous two days when a variation in the programme was discussed.

The TUC had argued that any variation would be "much misunderstood in Britain," whatever the strength of its practical reasons for it.

He said they were shocked by the unilateral decision to announce that the visit would be only for one day by a three-man delegation. This would be of no value to either side and is totally unacceptable to the TUC.

"It is clear the Polish authorities do not wish to allow the TUC to make their own arrangements for a visit and the general council have therefore had to conclude that it is not in the interests of the development of trade unionism in Poland for the TUC to be in a position of having to force the issue of a visit."

Car sales Continued from Page 1

For the first eight months of 1980, sales were 7 per cent down at 673,887, compared with the same period last year. At the same time, the importers' share rose from 55.8 to 58.9 per cent. Japanese penetration is up from 10.5 to 12.7 per cent.

However, it is clear that the Japanese companies are taking steps to reduce sales to between 10 and 11 per cent for the year, in line with their undertaking to take a "prudent" view of the British market.

Ford retained leadership in the UK car market in August, although its main strength is its sales to company fleets. But private buyers like Ford's Fiesta, which jumped into second place in the month's "top 10." However, many Fiestas are imported from Spain and, as a result, the Spanish share of total UK sales last month rose from 2.1 to 4.2 per cent, compared with August 1979.

Ford says it is reducing its imports from continental factories by half during the remainder of this year. In August, the import content of the group's sales rose from 44.6 to 48.27 per cent and, for the eight months, Ford's imports were just under 60 per cent of all the cars it had registered.

In August, Ford's market share was down from 24.11 to 22.61 per cent but, for the eight months, it rose from 27.9 to 30.39 per cent.

Datsun, the most successful of the Japanese imports, had two cars in the "top 10" list of best-selling models, and took 10.95 per cent of the August market against 7.58 a year before. For the first eight months of 1980 as a whole, Datsun's share was 8.74 per cent against 5.72 per cent in January-August, 1980.

● Hire purchase sales of new cars in August were sharply up compared with both a month

and a year before. But deals involving second-hand cars fell, according to figures yesterday from Hire Purchase Information.

On new cars, 42,869 contracts were recorded against 27,137 in July and 37,109 a year before. There were only 46,698 contracts relating to second-hand cars, well down from July's 55,745 and the 55,920 of August, 1980.

The pattern was similar for hire-purchase deals for two-wheelers. August saw 9,442 contracts for new scooters and motor-cycles against 7,171 a month earlier, and 8,721 in August last year, with 2,925 contracts on second-hand machines compared with 3,273 and 3,855 respectively.

A total of 3,665 contracts was recorded on new commercial vehicles against 3,629 in July and 4,908 in August, 1979. For second-hand commercial vehicles, the figures were 1,616, 2,004 and 1,933 respectively.

Weather

UK TODAY
MOSTLY cloudy with outbreaks of rain. Dry with sunny intervals in South East.

London, S.E. England, East Anglia, Channel Islands
Mainly dry with sunny intervals. Max. 22C (72F).

Midlands, S.W. England, Central N. England, N.E. England, Wales, E. Scotland
Bright intervals becoming cloudy. Max. 20C (68F).

Wales, N.W. England
Cloudy, outbreaks of rain. Max. 19C (66F).

Scotland
Rain, sunny intervals developing. Max. 17C (63F).

Outlook: Unsettled in most places, but mainly dry with some sunshine in S.E. at first.

WORLDWIDE

Y'day	Today	Y'day	Today
°C	°C	°C	°C
Algeria 34	37	Lisbon 22	24
Amman 18	24	Locarno 22	22
Athens 26	27	London 19	16
Bahrein 37	39	Luxemb 15	16
Berlin 26	29	Luxor 36	37
Bombay 28	32	Madrid 28	24
Buenos Aires 22	24	Manila 28	31
Calcutta 24	27	Melbourne 27	21
Cairo 22	24	Moscow 13	15
Canton 22	24	Munich 18	16
Cebu 22	24	Nairobi 22	22
Colon 22	24	Naples 25	27
Corfu 22	24	Newcastle 18	15
Dublin 15	17	Norfolk 18	15
Edinburgh 16	18	Osaka 22	22
Faro 22	24	Paris 19	16
Hong Kong 22	24	Perth 19	16
Imbabra 18	21	Prague 13	15
Isle of Man 18	21	Reykjavik 11	13
Jakarta 22	24	Rome 22	22
Johannesburg 22	24	Sao Paulo 22	22
Kuala Lumpur 22	24	Seoul 22	22
London 19	16	Singapore 22	22
Lyons 18	15	Sofia 18	15
Madrid 28	24	Taipei 22	22
Manila 28	31	Tel-Aviv 28	32
Moscow 13	15	Tientsin 21	20
Munich 18	16	Tokyo 20	18
Nairobi 22	22	Toronto 21	18
Naples 25	27	Ulaanbaatar 21	18
Newcastle 18	15	Valencia 22	22
Norfolk 18	15	Vancouver 22	22
Osaka 22	22	Warsaw 22	22
Paris 19	16	Zurich 22	22

C-Cloudy, F-Fair, R-Rain, S-Sunny, T-Thunder.

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Note that this year's Budget has favoured capital gain orientated unit trusts.

Fidelity International Management Limited

Buckingham House, 62/63 Queen Street, London EC4R 1AD. Tel: 01-248 4891

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